Pacific Gas and Electric Company

Pacific Gas and Electric Company
6121 Bollinger Canyon Road
San Ramon, CA 94583

December 1, 2017

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OFFICE OF THE CITY MANAGER

Martín Bernal, City Manager
809 Center Street, Room 10
Santa Cruz, California 95060

Re: Pacific Gas and Electric Company's Undertakings Regarding Tree Removal Within the City of Santa Cruz for the Community Pipeline Safety Initiative

Dear Mr. Bernal:

This letter will serve to memorialize the specific actions that Pacific Gas and Electric Company ("PG&E") will undertake to implement its Community Pipeline Safety Initiative ("CPSI") within the City of Santa Cruz (the "City").

PG&E has met with the City staff to initiate dialogue and determine cooperative measures in the interest of public safety. As we have discussed, the CPSI involves evaluation and mitigation of potential hazards to gas transmission pipelines due to nearby trees and structures, both in public rights of way or other franchise areas and in private property easements.

PG&E recognizes the importance to PG&E of moving forward with the CPSI through a collaborative process that addresses community needs and expectations including the need to maintain and promote gas pipeline integrity and safety, including the importance of trees and landscaping to overall community character, aesthetics, visual buffering, and the environmental significance and benefits of maintaining a healthy urban forest and environment. PG&E has a genuine commitment to ensure the safety of communities, and is committed to working cooperatively with City staff to eliminate or mitigate the threat to both the public and PG&E's gas transmission pipelines posed by certain trees or structures, located within the pipe zone, that have been deemed unacceptable by the utility to pipeline safety and infrastructure.

PG&E will work collaboratively with City staff to develop an overall pipeline integrity safety plan that includes the need to clearly define, and mark or delineate the location of existing pipelines, ongoing monitoring and inspection of pipelines, selective vegetation management within PG&E pipeline easements and franchise areas, including a tree by tree review of franchise trees proposed for removal with City staff, and including an inspection by a qualified biologist for birds on all trees proposed for removal within the city limits if performed during nesting season, and accessing and addressing the existence of incompatible structures within PG&E pipeline easements, i.e., trees and structures, and the need to work cooperatively to ensure that future

vegetation management, local planning and development activities and entitlements are consistent with the goal of maintaining both public and pipeline safety.

PG&E has committed not to perform any planned work to remove any trees on public or private property within the pipeline zone for any reason, except as mutually agreed is necessary by PG&E and the City to ensure the continued safety of both the public and the reliability of PG&E's natural gas transmission system, without first having this cooperative document in place, to guarantee compliance with this assurance of cooperative measures document, which specifies the respective roles and the responsibilities of each Party as the CPSI is implemented, including discussion and notification to all community residents impacted by the CPSI project for both franchise and private trees and structures proposed for removal within the pipeline zone, to notify both the City and private property owners of all proposed removals both on private property and of public franchise trees (City Street Trees) for which private owners are responsible by local ordinance (SCMC Ch. 13.30), and to pay the City a one-time tree replacement fund mitigation fee in the amount of ten thousand dollars ($10,000).

We recognize that from the City's perspective, PG&E's gas transmission pipeline network has safely co-existed with trees, structures and vegetation for several decades in the community without proposed tree and structure removal and that the City is interested in ensuring a deliberate and transparent review process which considers a need for project mitigation measures to be implemented and shall include all reasonable mitigation options, including discussion with private property owners and the City on required mitigation measures, including but not limited to, tree replacement or in lieu fees consistent with the tree removal mitigation requirements as set forth by the City's Heritage Tree Preservation Ordinance (SCMC Chapter 9.56), and that both the City and private owners shall be entitled to tree replacement for every tree removed on both public and private property consistent with Chapter 9.56, including a replacement offering per tree either an in lieu fee of $150.00 or a replacement tree(s) including one 24-inch box tree or three 15-gallon size trees, in addition to tree replacement or tree in lieu fees PG&E will pay in lieu fees to the City and to private property owners to restore all areas impacted by the CPSI project to preexisting condition (e.g., sidewalk repair or work required to restore a public or private right of way or public or private infrastructure or property).

We further acknowledge that PG&E asserts that it may perform vegetation management activities without first obtaining local City discretionary permits and approvals for tree removal for both franchise and private property trees that are protected by local ordinance, that these activities are preempted by the California Constitution and certain provisions of the California Public Utilities Code. As to activities to be undertaken in the Coastal Zone, as further described in Exhibit A, attached hereto and incorporated herein by reference, PG&E commits to applying for and obtaining

coastal development permits and any necessary agreements from the California Department of Fish and Wildlife before undertaking such activities;

With this background, PG&E agrees to undertake the following in connection with its vegetation management activities under the CPSI:

1. PG&E will consult with the City to evaluate potential mitigation options for all trees proposed by PG&E for removal with a goal of reducing the overall number of trees to be removed on both public and private lands, including retaining all trees, franchise and private, deemed by PG&E as manageable at this current time. Franchise trees will be field reviewed with the City on a tree by tree basis and mitigation (tree replacement or in lieu fees) will apply to all trees removed on both public and private property, mitigation (replanting or in lieu fees) will be provided to both private owners and the City. PG&E will identify all franchise and private trees that are protected by local tree protection ordinances and mitigate as agreed to in this document consistent with requirements of existing local ordinances. [Franchise trees located at 200 Washington Street (Corymbia ficifolia), and on Melrose Avenue (Catalpa) will be reevaluated for pipeline depth and offset to determine if these trees can be deemed manageable at the current time. Small diameter Franchise Trees located at 1002 N Branciforte, 363 Berkeley Way and 241 Berkeley Way will be delayed until the end of the project and reevaluated at that time.]

2. PG&E will notify both the City and private property owners of any planned tree or structure removal associated to CPSI activities, including testing, and planned safety work, at least 15 days prior to removal.

3. PG&E will comply with local ministerial encroachment permit procedures and requirements consistent with removing or trimming any trees within the public right-of-way, including any publicly owned trees, and repairing all impacted public and private infrastructure.

4. PG&E will pay the City a one-time tree replacement fund mitigation fee in the amount of ten thousand dollars ($10,000) within thirty (30) days of the date of this letter.

5. PG&E will comply with applicable environmental standards related to bird and raptor nesting season and unique or endangered habitats.

6. PG&E will pay all necessary and reasonable costs and fees associated with the City's review of work proposed to be performed as part of the CPSI and make all necessary repairs. This includes reimbursement of third party consultant costs (e.g., biological consultants, arborists, etc.) and/or staff time as agreed by PG&E and the City.

7. PG&E will consider reasonable alternatives for mitigating potential pipeline safety issues, including but not limited to:

   a. Specific risk assessment on a tree by tree basis and review with CITY staff.

   b. Regular, ongoing monitoring and inspection of pipelines, including possible use of subsurface radar to determine whether, and to the extent to which tree roots have grown into contact with pipelines.

   c. Root barriers to protect pipeline coating when appropriate.

   d. Tree removal and/or trimming. In the event that it is necessary to undertake tree removal and/or trimming, mitigation measures will be identified, evaluated and implemented by PG&E, as appropriate and as described in this document.

   e. Potential pipeline retrofitting to accommodate in-line inspections or other inspection technology.

8. PG&E will apply for and obtain Coastal Development Permits, and as necessary consult with and obtain any necessary agreements with the California Department of Fish and Wildlife prior to removal of any trees in those areas identified in Exhibit A.

9. In order to facilitate evaluation and an understanding of the CPSI work, PG&E will provide the following information to the City:

   a. Mapping and/or data showing:

      i. trunk diameter, species and location of trees and landscaping proposed to be affected by CPSI;

      ii. location of the pipeline within any public right of way or PG&E easement and clear on site denotation and marking;

      iii. location of the pipeline in proximity to private property lines and structures;

      iv. depth of the pipeline in areas where trees are proposed to be removed or trimmed;

      v. location of certain non-compatible structures to be removed or relocated, excluding any private customer information.

b. Reports or surveys prepared by or for PG&E addressing the condition and health of trees proposed to be removed or trimmed to be provided to both private adjoining property owners and the City.

c. Outreach, education, and information about the safety risk associated with the pipeline's potential interaction with trees, including public safety, pipe damage and required access, this outreach shall include providing private property owners a description of their rights.

d. Other information and/or data as may be reasonably requested.

10. PG&E will undertake joint field review with City staff to verify the location of: affected pipelines, incompatible structures within the City rights-of-way; areas of particular focus for consideration of reasonable mitigation alternatives; franchise trees and shrubs potentially affected and their health and their current condition. Following the receipt by the City of information described in paragraph 9, above, and the completion of field review, the City may provide written feedback within a timeframe to be determined between PG&E and the City.

11. Prior to performing public outreach, PG&E will work with the City to identify appropriate community outreach activities to ensure community members are informed of the CPSI, and have the opportunity to provide feedback, be educated and receive answers to questions, etc.

12. If PG&E becomes aware that any tree or structure within the City rights-of-way poses an imminent threat to the safe operation of PG&E's gas pipelines, PG&E will take appropriate action to ensure public safety consistent with all existing rights and obligations. PG&E will, whenever feasible be consistent with its public safety, provide notice and other required safety information (e.g., traffic control plan) to the City at least twenty-four hours prior to the start of its work to remove such tree or structure. As part of that notice, PG&E will provide the City with documentation of the imminent threat. If immediate tree or structure removal is required, PG&E shall provide notice and documentation promptly within 24 hour notice after the removal is completed and shall mitigate as described in this document.

13. It is expressly understood that PG&E's work associated with the CPSI are undertakings that may create for PG&E liability to third parties, including, but not limited to, property owners in the City or other interested parties. PG&E does not intend by the undertakings described in this letter to create for the City any liability to any third party. Consequently, PG&E agrees to defend, indemnify, and hold harmless the City, and all its officers, agents, and employees from any claim of injury to person or property arising out of or relating to the undertakings

described in this letter or the vegetation management activities for the CPSI. PG&E also acknowledges the City retains all of the rights and remedies available to it at law and/or equity to enforce PG&E's undertakings described in this letter, or to collect damages for, any failure to comply with these undertakings.

14. PG&E recognizes that there may be third party challenges to the CPSI, including PG&E's undertakings described in this letter. PG&E will cooperate with the City to defend any action or proceeding brought to challenge PG&E's work associated with the CPSI. Should the court, in any action challenging PG&E's work on the CPSI project, award attorneys' fees, costs and any other litigation expenses against the City, PG&E shall be responsible for the payment of those fees, costs, and expenses, and shall hold the City harmless from any claim thereto. PG&E's obligation to pay any and all fees, costs or expenses awarded against the City is not affected by City's decision to tender, or not tender, the defense of an action to PG&E. We recognize the City may, at its sole discretion, tender the defense of any action or proceeding brought to challenge PG&E's work on the CPSI to PG&E, in which event PG&E shall have the sole responsibility to defend, on behalf of itself and the City, the matter.

15. PG&E recognizes that it will be subject to any and all standard indemnification provisions in City encroachment permits related to the work performed pursuant to this assurance of cooperative measures letter.

16. PG&E agrees to perform any further acts and to execute, acknowledge and deliver any documents, which may be reasonably necessary to carry out the provision of this assurance of cooperative measures letter.

17. In the event of any litigation involving the PG&E and the City to enforce any provision of this letter, to enforce any remedy available upon default under this letter, or seeking a declaration of the rights of either Party under this letter, PG&E agrees that the prevailing Party shall be entitled to recover from the other such attorneys' fees and costs as may be reasonably incurred, including the costs of reasonable investigation, preparation and professional or expert consultation incurred by reason of such litigation. All other attorneys' fees and costs related to this document and the transactions contemplated hereby shall be borne by the Party incurring same.

18. Nothing in this letter is intended to change the legal rights and duties of either of the Parties, including the applicability of local ordinances, franchise agreement conditions or the jurisdiction of the California Public Utilities Commission.

19. Nothing in this letter shall require PG&E to disclose any confidential or otherwise protected information, including private customer-specific data.

20. This letter is intended to memorialize the final expression of the actions that PG&E will undertake concerning the CPSI in Santa Cruz and supersedes all prior and contemporaneous understandings and agreements, whether oral or in writing, between PG&E and the City with respect to the CPSI. There are no representations, agreements, arrangements or understandings, oral or in writing, between or among the PG&E and the City relating to the CPSI which are not fully expressed in this letter.

21. This letter shall be governed by the laws of the State of California. PG&E acknowledges that all actions or proceedings arising in connection with this letter shall be tried and litigated exclusively in the State courts located in the County of Santa Cruz, unless jurisdiction is properly before the California Public Utilities Commission.

22. This letter is intended to benefit only the City and no other person or entity has or shall acquire any rights hereunder.

23. If any term, covenant, condition or provision of this document, or the application thereof to any person or circumstance, to any extent shall be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this document, or the application thereof to any person or circumstance, shall remain in full force and effect and in no way shall be affected, impaired or invalidated thereby.

I hope that this letter clarifies the specific actions that PG&E will undertake in connection with the vegetation removal work associated with the CPSI in Santa Cruz. The PG&E project team looks forward to working cooperatively with the City staff as we perform this work. If you have any questions regarding this project please continue to coordinate with Darin Cline and Joe Foster.

Sincerely,

Joe Echols
Manager, Community Pipeline Safety Initiative
Pacific Gas and Electric Company

EXHIBIT "A"

LIST OF HERITAGE TREES FOR WHICH COASTAL DEVELOPMENT PERMITS ARE REQUIRED

- One date palm in right of way adjacent to 813 East Cliff Dr.
- Two trees (magnolia and eucalyptus) in right of way adjacent to 200 Washington St.
- One Mexican fan palm in right of way adjacent to 311 Pacific Ave.
- Four acacia trees at 201 Ocean View Ave.
- One coast live oak at 123 Blackburn St.
- One redwood in right of way adjacent to 112-114 Blackburn St.
- One yucca at 139 Jenne St.
- One pecan at 137 Jenne St.