



CITY OF

NEWPORT BEACH

City Council Staff Report

December 9, 2025
Agenda Item No. 11

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Amendment No. One to the Facilities Relocation Agreement with
Southern California Edison

ABSTRACT:

At its February 13, 2019, meeting, the City Council approved a Facility Relocation Agreement (Agreement) with Southern California Edison (SCE) for the Uptown Newport undergrounding project along Jamboree Road, between Birch Street and MacArthur Boulevard. Since that time, implementation was delayed while the property owner and a major campus tenant (TowerJazz) resolved operational and shutdown-related issues associated with the power conversion. As a result of the delay and updated construction pricing, SCE's cost to complete the undergrounding has significantly increased. For the City Council's consideration is an approval of Amendment No. One to the Agreement to increase compensation to SCE to fully fund and complete the undergrounding work, using a combination of remaining bond proceeds and previously received contributions from the Uptown Newport property owner.

RECOMMENDATIONS:

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly;
- b) Approve Budget Amendment No. 26-043 appropriating \$1,918,000 in new revenue and expenditures from Uptown Newport Jamboree, LLC. to Account No. 53401-561076 and Account No. 53402-941032; and
- c) Authorize the Mayor and City Clerk to Execute Amendment No. One To The Facilities Relocation Agreement with Southern California Edison for an increased not-to-exceed amount of \$3,311,000.

DISCUSSION:

On February 13, 2019, the City Council approved the Agreement with SCE for the Uptown Newport undergrounding project. The project limits are on Jamboree Road south of Birch Avenue and north of Macarthur Boulevard along the frontage of Uptown Newport. The original project cost estimate in the agreement was \$1,093,000. The payment for this

initial cost was provided through tax-exempt bonds issued for the public improvements included in the Uptown Newport Phase one development.

The undergrounding effort stalled due to issues between the property owner and the TowerJazz tenant on the Uptown Newport campus. TowerJazz requested compensation for the impacts to their computer chip making operation when the required power shut down for the undergrounding conversion was to take place. The cost to TowerJazz for even a short weekend power outage has millions of dollars of impact to shut down their operation and to bring it back on-line when power is restored. City staff were sensitive to those cost impacts and required the property owner to obtain permission for the shutdown. Agreements have been negotiated and are now in place between TowerJazz and the property owners, which will allow for the power shutdown.

The cost for SCE to implement the undergrounding greatly increased during this delay. SCE has requested additional compensation of \$2,218,000 to complete the project, bringing the total project cost to \$3,311,000. \$300,000 of this additional amount has already been provided to SCE and the remaining amount of \$1,918,00 is now due. Staff recommends approval of Amendment No. One to the Facility Relocation Agreement with SCE. Payment to SCE will be made with a combination of remaining construction bond proceeds and additional direct compensation from Uptown Newport Jamboree, which has already been received.

FISCAL IMPACT:

The Budget Amendment appropriates \$1,918,000 in additional contribution revenue from Uptown Newport Jamboree, LLC. and \$1,918,000 of increased expenditure appropriations. The revenue will be posted to the Shopoff Newport Uptown account in the Public Works Department, 53401-561076, and the \$1,918,000 payment to SCE will be expensed to the AD Utility Construction account in the Public Works Department, 53402-941032. The Budget Amendment includes \$1,469,353.27 in new direct contributions from Uptown Newport Jamboree, LLC and the final draw from the construction bonds of \$448,646.73 issued for the public park improvements and undergrounding project in the Phase 1 Uptown Newport development.

ENVIRONMENTAL REVIEW:

On February 13, 2019 the City Council determined the project exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15302(d) of the CEQA Guidelines (conversion of overhead electric utility distribution facilities to underground where surface is restored to the existing condition prior to undergrounding);

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENTS:

Attachment A – Amendment No. One to the Facility Relocation Agreement with SCE
Attachment B – Budget Amendment 26-043