



Legislation Text

File #: 18-0312, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Steve S. Charelian, Interim Finance Director
Cynthia F. Mickschl, Acting Revenue Manager

SUBJECT:

Resolution No. 18-0061 Authorizing the City Manager to Execute a Lease with New Cingular Wireless PCS, LLC (AT&T) (Interim Finance Director Charelian).

ADOPT RESOLUTION NO. 18-0061

RECOMMENDATION:

Adopt Resolution No. 18-0061 authorizing the City Manager to execute a lease with New Cingular Wireless PCS, LLC (AT&T) (owned by AT&T Mobility II, LLC) for use of the property and air space located on the rooftop of 1400 Highland Avenue, Manhattan Beach (Cell Site Number: LAC476).

FISCAL IMPLICATIONS:

New Cingular Wireless PCS, LLC, provides the City with rent revenue of approximately \$58,000 per year for the 160/ft² of rooftop space located above Manhattan Beach City Hall at 1400 Highland Avenue, which they utilize as a communication facility. The proposed lease includes a 5% annual rent increase, occurring each anniversary of the effective date of the lease.

BACKGROUND:

The lease began April 1, 1994 and expired on March 30, 2014, after the initial term and extensions. Since that time, the Lessee has been in a “holdover term” continuing to pay rent for a month-to-month tenancy.

The new lease agreement has an initial term of 5 years with four 5-year extensions (for a total of 20 years) and its terms are substantially the same as the prior lease. The Lease may be terminated by either party if the party provides notice of termination no less than twelve months prior to the expiration date of any single term.

DISCUSSION:

Staff reviewed the attached lease and provided feedback to the City Attorney’s Office who negotiated with the legal team from New Cingular Wireless PCS, LLC.

The use of the rooftop space at the Manhattan Beach City Hall building provides the Lessee with an area for their antenna and equipment that allows for the transmission and reception of

communication signals between New Cingular Wireless PCS, LLC, and its customers. Utilization of City property for this purpose provides the City with additional revenue not otherwise possible without this type of lease. Additionally, the residents of the City who utilize the wireless services of AT&T Mobility also benefit from this type of apparatus being present within the jurisdiction.

Staff reached out to other municipalities to review the market rates for this type of lease agreement and found that the proposed rents are at a preferred rate within the range among other cities.

POLICY ALTERNATIVES:

ALTERNATIVE #1:

Council does not adopt the resolution.

PROS:

The City could potentially lease the space to a competing wireless service and potentially receive higher rents.

CONS:

The City would lose the monthly revenue of \$4,837.64 from the current lease while a new lessee is found. Taking this action may also impact the level of service for residents using the AT&T network within the City.

ENVIRONMENTAL REVIEW

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

Attachments:

1. Resolution No. 18-0061
2. Agreement - New Cingular Wireless PCS, LLC.