



Folsom City Council Staff Report

MEETING DATE:	4/9/2024
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11184 – A Resolution Authorizing the City Manager to Execute a Communications Site License Agreement with CCTM1 LLC, a Delaware Limited Liability Company, at Lembi Park
FROM:	Parks and Recreation Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends the City Council approve Resolution No. 11184 – A Resolution Authorizing the City Manager to Execute a Communications Site License Agreement with CCTM1 LLC, a Delaware Limited Liability Company, at Lembi Park.

BACKGROUND / ISSUE

In 1995, the City entered into a Communications Site Lease Agreement with Pacific Bell Mobile Services, for the site at Lembi Park, 1328 Riley Street, with plans to construct a tower with cable television equipment. In 1996, Amendment No. 1 made minor revisions to the descriptions of the property and premises. Pacific Bell Mobile Services, through a series of mergers and transfers eventually became T-Mobile and in 2012 through an Assignment and Assumption Agreement CCTM1, a subsidiary of Crown Castle, took over the Communications Site License Agreement.

The initial term commenced on December 31, 1996, and expired on December 30, 2001. The agreement provided for five (5) extensions of five (5) years each, with the final extension expiring on December 30, 2026.

POLICY / RULE

In accordance with section 2.02 of the Folsom Municipal Code, all powers of the City shall be vested in the City Council, except as otherwise provided by the City Charter.

ANALYSIS

CCTM1 LLC, dba Crown Castle, is the largest wireless infrastructure provider in the United States. As the current manager of the cell tower site at Lembi Park, they reached out to the City to initiate a new agreement. The final extension of the City's Communications Site License Agreement is slated to expire on December 30, 2026, and will remain in place. There is a desire by both the City and CCTM1 to have a concurrent new agreement in place to update the terms and conditions to address the addition of co-location, and new fees and to extend the term of the license.

The major terms and conditions of the proposal are highlighted below:

1. An initial term that runs concurrently with the existing agreement, expiring on December 31, 2026, with five automatic renewals of five years each, for a total possible lease term of 26 years, 8 months.
2. Ground area not to exceed 435 square feet.
3. License fees commence on January 1, 2027, at \$42,000.00/year, with an annual escalator of 3%.
4. The new agreement includes co-location fees equal to 50% of the revenue received from the additional providers who are co-locating.
5. The new agreement includes a one-time conditional signing bonus of \$25,000 within 60 days of full execution of this agreement.

FINANCIAL IMPACT

The total value of the license agreement, inclusive of renewal option years, would be \$1,531,289.10 over the 25-year period. The City Attorney's Office has reviewed and approved the license agreement as to form.

ENVIRONMENTAL REVIEW

Environmental review is not required pursuant to section 15301 of the CEQA Guidelines (related to Existing Facilities) and section 15303 of the CEQA Guidelines (related to new construction or conversion of small structures). Based on the staff's analysis, none of the exceptions in Section 15300.2 of the CEQA Guidelines apply to the use of the categorical exemptions in this case.

ATTACHMENTS

Resolution No. 11184 – A Resolution Authorizing the City Manager to Execute a Communications Site License Agreement with CCTM1 LLC, a Delaware Limited Liability Company, at Lembi Park.

Submitted,

Kelly Gonzalez, Parks & Recreation Director

RESOLUTION NO. 11184

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A COMMUNICATIONS SITE LICENSE AGREEMENT WITH CCTM1 LLC, A DELAWARE LIMITED LIABILITY COMPANY, AT LEMBI PARK

WHEREAS, Pacific Bell Mobile Services entered into a Communications Site License Agreement in December 1995 for the development of a wireless communications facility at Lembi Park; and

WHEREAS, Amendment No. 1 made minor revisions to the descriptions of the property and premises; and

WHEREAS, the existing agreement had an initial term that commenced on December 31, 1996 and expired on December 30, 2001; and

WHEREAS, the existing agreement provided for five extensions of five years each for a total of 30 years; and

WHEREAS, the first four extensions were exercised by the Original Licensee; and

WHEREAS, the final extension of the existing agreement will expire on December 31, 2026; and

WHEREAS, through a series of merges and transfers Pacific Bell Services became T-Mobile; and

WHEREAS, through an assignment and assumption agreement in 2012 CCTM1, a subsidiary of Crown Castle International Corporation, took over the Communications Site License Agreement; and

WHEREAS, both CCTM1 and the City of Folsom desire to update the terms and conditions and extend the term of the License; and

WHEREAS, the new Communications Site License Agreement will commence concurrently with the existing agreement and continue after the existing agreement expires in 2026; and

WHEREAS, the total value of the license agreement, inclusive of renewal option years would be \$1,531,289.10 over the 25-year period; and

WHEREAS, the co-location fee will be 50% of their rental fees received from Additional Providers; and

WHEREAS, CCTM1 will pay a one-time conditional signing bonus of \$25,000 within 60 days of full execution of this agreement; and

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute a communications site license agreement with CCTM1 LLC, a Delaware Limited Liability Company, at Lembi Park.

PASSED AND ADOPTED this 9th day of April 2024, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Michael D. Kozlowski, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK