



Folsom City Council Staff Report

MEETING DATE:	6/9/2020
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10469 – A Resolution Authorizing the City Manager to Execute a Communications Site License Agreement with CCTM1 LLC at Mann Park
FROM:	Parks and Recreation Department

RECOMMENDATION / CITY COUNCIL ACTION

Move to approve Resolution No. 10469 – A Resolution Authorizing the City Manager to Execute a Communications Site License Agreement with CCTM1 LLC at Mann Park Site.

BACKGROUND / ISSUE

In 1995, Pacific Bell Mobile Services entered into a Communications Site Lease Agreement for the site at Mann Park. In 1996 Amendment No. 1 made minor revisions to the descriptions of the property and premises. Pacific Bell Mobile Services, through a series of merges 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 Lease Agreement. The existing agreement had an initial term that commenced on December 13, 1995 and expired on December 12, 2000. The existing agreement provides for five extensions of five years each and the first four have been exercised. The final extension is set to expire December 12, 2025.

In 2019, the City consented to additional modifications of the site resulting in Verizon co-locating their equipment at the existing site in the future. The 1995 agreement did not provide for additional rent to the City as a result of adding an additional provider to co-locate on our site.

POLICY / RULE

In accordance with Chapter 2.36 of the Folsom Municipal Code, supplies, equipment, services, and construction with a value of \$62,014 or greater shall be awarded by City Council.

ANALYSIS

Crown Castle is the largest wireless infrastructure provider in the US. As current manager of the cell tower site at Mann Park, they reached out to the City to initiate a new agreement. The final extension of the existing agreement expires on December 12, 2025 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, new fees and to also extend the term of the License.

The rent under the existing agreement is \$9,655 annually for the remaining five years (2020 – 2025) of the agreement. If the new agreement is authorized, the first year's rent will add an additional \$28,345 per year of new revenue, for a total annual rent of \$38,000. Rental agreement will include a 3% annual increase.

The proposed terms for the Communications Site License Agreement at Mann Park include the following:

1. The existing agreement will remain in effect until it expires in 2025.
2. The new Communications Site License Agreement will commence concurrently with the existing agreement. The first 10-year term of the new agreement will expire on December 13, 2030, with four automatic extensions of five years each for a total of 30 years, which could bring this agreement through 2050.
3. The new agreement adds additional rent for the first five years over the existing contract bringing the total rent to \$38,000 beginning in 2020 with a 3 % annual increase.
4. The new agreement includes co-location fees equal to 50% of the revenue received from the additional providers who are co-locating. In the case of Verizon, co-location fees will start at \$13,500 in 2020 with a 2.75% annual increase.
5. The new agreement includes a one-time conditional signing bonus of \$25,000 within 60 days of full execution of this agreement.
6. The new agreement will be in a form acceptable to the City Attorney's office.

FINANCIAL IMPACT

The new agreement adds an additional \$1,759,591 of revenue to the City if all extensions are exercised through 2050 along with a \$25,000 conditional signing bonus to be received in 2020. The co-location revenue for Verizon would be an additional \$616,877 through 2050. The table below reflects the revenues over the next ten years if there are no other changes:

	Existing Agreement	New Agreement	Co-Location Fees
2020	\$ 9,655.00	\$ 28,345.00	\$ 13,500.00
2021	\$ 9,655.00	\$ 29,485.00	\$ 13,871.25
2022	\$ 9,655.00	\$ 30,659.20	\$ 14,252.71
2023	\$ 9,655.00	\$ 31,868.63	\$ 14,644.66
2024	\$ 9,655.00	\$ 33,114.34	\$ 15,047.39
2025		\$ 44,052.42	\$ 15,461.19
2026		\$ 45,373.99	\$ 15,886.37
2027		\$ 46,735.21	\$ 16,323.25
2028		\$ 48,137.27	\$ 16,772.14
2029		\$ 49,581.39	\$ 17,233.37
2030		\$ 51,068.83	\$ 17,707.29

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 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.

ATTACHMENT

Resolution No. 10469 – A Resolution Authorizing the City Manager to Execute a Communications Site License Agreement with CCTM1, LLC at Mann Park

Submitted,

Lorraine Poggione, Parks & Recreation Director

RESOLUTION NO. 10469

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A
COMMUNICATIONS SITE LICENSE AGREEMENT WITH CCTM1, LLC
AT MANN PARK**

WHEREAS, Pacific Bell Mobile Services entered into a Communications Site License Agreement in December 1995 for development of a wireless communications facility at Mann 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 13, 1995 and expired on December 12, 2000; 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 12, 2025; 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 2025; and

WHEREAS, the new Communications Site License Agreement will expire on December 13, 2030 with four automatic extensions of five years each for a total of 30 years; and

WHEREAS, the annual rent for the new Communications Site License Agreement starts at \$28,345 and when combined with the existing annual rent of \$9,655 brings the annual rent to \$38,000 with a 3% annual increase; and

WHEREAS, the co-location fee will be 50% of their rental fees received from Additional Providers resulting in an additional annual co-location fee of \$13,500 with a 2.75% annual increase; 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 at Mann Park.

PASSED AND ADOPTED this 9th day of June 2020, by the following roll-call vote:

AYES: Council Member(s):
NOES: Council Member(s):
ABSENT: Council Member(s):
ABSTAIN: Council Member(s):

Sarah Aquino, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

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