



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6730
July 15, 2025
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6730: Renewal of Right-of-Way Use Agreements for Telecommunications Facilities with New Cingular Wireless PCS, LLC	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Authorize the City Manager to sign the renewal agreements with New Cingular Wireless PCS, LLC.	

DEPARTMENT:	City Attorney
STAFF:	Bio Park, City Attorney Eileen Keiffer, Assistant City Attorney, Madrona Law Group, PLLC Alaine Sommargren, Deputy Public Works Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Map of Relevant Telecommunications Facilities 2. Draft Renewal Right-of-Way Use Agreement for Telecommunication Facilities (Mid Mercer) 3. Draft Renewal Right-of-Way Use Agreement for Telecommunication Facilities (Mercer Crest)
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

This agenda item requests approval for the renewal of two agreements for existing telecommunications facilities located in the City's right-of-way (Exhibit 1):

- On the east side of Island Crest Way, west of 87th Avenue SE and south of SE 46th Street (Mid Mercer site).
- On the east side of Island Crest Way, on the north side of the intersection with 90th Ave SE (Mercer Crest site).
- The City ordered an appraisal, and based on it, negotiated an initial annual rent of \$12,500 for each site with New Cingular Wireless.
- The telecommunications facilities on the sites provide cellular phone and internet coverage that is important for Mercer Island residents, businesses, visitors, and first responders that rely on AT&T Mobility for services

City staff have negotiated these agreement renewals and recommend approval (Exhibits 2 & 3).

BACKGROUND

Mid Mercer Telecommunications Facility

In 2003, the City executed a site lease agreement for approximately 50 sq ft of ground area with AT&T Wireless Services of Washington. This site, referred to as the Mid Mercer site, is located in the City right-of-way on the east side of Island Crest Way, west of 87th Ave SE and south of SE 46th St (Exhibit 1). The lease authorized the installation and operation of three antennas on a utility pole owned by Puget Sound Energy, and an underground equipment cabinet. Over the lifetime of the agreement, the lease area was expanded to 131 sq ft, and several upgrades were made to the equipment at the site. In 2024, the site generated \$1,300 per month in rent.

Mercer Crest Facility

The City executed a site lease agreement in 2004 for approximately 330 sq ft of ground area with AT&T Wireless Services of Washington. This site, referred to as the Mercer Crest site, is located in the right-of-way on the east side of Island Crest Way, on the north side of the intersection with 90th Ave SE (Exhibit 1). This lease authorized the installation and operation of two antennas on a utility pole owned by Puget Sound Energy, an underground equipment cabinet, and associated equipment. Over the lifetime of the agreement, several upgrades were made to equipment on the site. In 2024, the site generated \$1,900 per month in rent.

In late 2004, AT&T Wireless Services was acquired by Cingular, which later became New Cingular Wireless PCS, LLC. Currently, the entity does business as AT&T Mobility.

In 2023, New Cingular Wireless PCS approached the City about negotiating lease renewals for the two telecommunication facilities. City staff, including the City Attorney's Office, Public Works, and Finance, provided input and direction on the terms of the renewal. The City and New Cingular Wireless PCS agreed that because both sites are located in City rights-of-way, the agreements should be renewed as right-of-way use agreements instead of lease agreements. The terms of the renewal agreements include recovery of costs and expenses incurred by the City in negotiations.

Telecommunications facilities at both sites provide cellular phone and internet coverage that is important for Mercer Island residents, businesses, visitors and first responders that rely on AT&T Mobility for services.

ISSUE/DISCUSSION

The renewal agreements authorize the continued use and operation of existing facilities by New Cingular Wireless PCS, subject to the terms and provisions contained in Exhibits 1 and 2. Each renewal would run for an initial term of five years, coupled with four successive renewal terms of five years each. Annual rent of \$12,500 for each site and the related annual escalator clause (inflationary adjustment) of 3% are based on comparisons with fees charged by other jurisdictions for telecommunications facilities in King County. The renewal agreements do not authorize any new installation of facilities at either location.

The average annual rent for equivalent right-of-way sites in Bellevue, Sammamish, Kirkland and King County properties is \$10,671. Although the findings from an appraisal ordered by the City indicated higher annual rent for these sites, this appraisal incorporated valuations on properties owned fee-simple. Right-of-way properties which are established as easements, as these two sites are, are valued less than fee-simple properties. The rents for the expiring agreements in 2003 and 2004 were likely based on fee-simple valuations. The fact that the facilities are on rights-of-way was likely unnoticed by the parties during negotiations at the time.

The result is a reduction in annual rent compared to prior years. However, the new negotiated terms align with the legal character of the sites and market conditions thereof, and represent above average annual rents for right-of-way use agreements relative to the region.

NEXT STEPS

Upon approval by the City Council, the City Manager will execute the renewals.

RECOMMENDED ACTION

Authorize the City Manager to execute the renewal telecommunications agreements with New Cingular Wireless PCS, LLC substantially in the forms attached as Exhibits 2 and 3 to this Agenda Bill, including related documents and administrative amendments required to fulfill the parties' obligations thereunder.