



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of November 13, 2018

TO: Members of the City Council

SUBMITTED BY: Holly Smyth, AICP, Planning Director

SUBJECT: Lease Amendment No. 1 to T-Mobile 998 Turquoise Cell Site

RECOMMENDED ACTION:

Authorize City Manager to execute Amendment No. 1 for an additional ground lease of approximately 100 square feet at the rate of \$7,500 per year with automatic 3% increases as allowed for in the Original Lease Agreement.

FISCAL IMPACT OF RECOMMENDATION:

An additional \$7,500 annually will be realized in cellular lease revenues with a 3% annual increase.

DISCUSSION:

The Original Lease Agreement between T-Mobile and the City of Hercules for a new cell site on 998 Turquoise Drive was authorized on September 8, 2009 through City Council Resolution No. 09-133. See attached Site Lease with Option. The initial term of the lease was for five (5) years that could be extended for five (5) additional and successive five-year terms at a base rent of \$2,500 per month with an automatic 3% annual increase for a current ground lease area of approximately 400 square feet (with no charge for the “staging” area). The current lease amount is \$3,167 a month or \$38,000 per year taking the annual increases into account.

T-Mobile and the City’s telecommunication consultant The Center for Municipal Services (CMS), have negotiated an additional \$625 per month revenue for an additional 100 square feet of ground space equating to \$7,500 more revenue annually for the site (for a total of \$3,791.93 per month or \$45,503.16 annually), leaving all the original provisions of the lease agreement in place including an annual 3% rent increase. The additional lease area will be used to accommodate equipment for a second carrier to be added to the existing 40’ tall cellular tower facility which is permitted under the lease. See attached Amendment No. 1.

ATTACHMENTS:

1. Resolution
2. New Amendment No. 1 with copy of Original Site Lease with Option

Financial Impact

Description:

Funding Source:

Budget Recap:

Total Estimated cost:	\$	New Revenue:	\$
Amount Budgeted:	\$	Lost Revenue:	\$
New funding required:	\$	New Personnel:	\$
Council Policy Change:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	