

**MEMORANDUM
DEPARTMENT OF FACILITY SERVICES
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **JUNE 12, 2007**

From: **JD JAMES DURFEE / MARY DIETRICH** ^{MD}

Subject: **LEASE AMENDMENT – CINGULAR WIRELESS BURTON CREEK**

ACTION REQUESTED / RECOMMENDATION: Approve an Amendment to the Communications Ground Lease Agreement between the County of Placer and New Cingular Wireless PCS, LLC for the cellular telephone facility located on the Burton Creek site at 2501 North Lake Tahoe Boulevard, Tahoe City, CA, and authorize the Director of Facility Services to execute this Amendment.

BACKGROUND: On September 1, 2003, the County of Placer and AT&T Wireless Services (ATTWS) entered into a ground lease agreement for approximately 400 square feet of land at the County's Burton Creek site. ATTWS subsequently constructed an 85-foot cellular tower and equipment shelter, which is now shared with the County's Telecommunications Division for the provision of E911 services to the Tahoe area. The lease includes provisions that should ATTWS determine the site is no longer necessary for its operations, they may terminate the agreement during the initial term or any exercised options (which may extend to August 31, 2023). The current agreement also specifies that upon lease termination ATTWS shall retain ownership of its improvements, including the cellular tower and equipment shelter.

Since that agreement was established, New Cingular Wireless PCS (NCW) acquired ATTWS. Following a nationwide evaluation of ATTWS assets, NCW is now conducting a program of site divestiture and identified Burton Creek as a potential location for early termination. Should NCW pursue this under terms of the current lease agreement, they have the right to remove their improvements upon 30-days written notice. If that were to occur, the County would be required to replace the tower and equipment shelter prior to NCW removal of its assets in order to eliminate service interruptions.

Recognizing this situation, Facility Services negotiated a mutually beneficial solution represented by the First Amendment to the Communications Ground Lease proposed to take effect on August 1, 2007. In exchange for a reduction in monthly rent and a cap on the annual rent escalation, NCW has agreed to transfer the cellular tower and shelter to the County at no cost upon lease termination. Staff's analysis indicates that the approximate cost of \$300,000 to replace the tower and equipment far outweighs the reduction in County revenues. To facilitate transfer of these facilities upon lease termination, your Board must authorize the Chairman to execute this Lease Amendment. A copy of this Lease Amendment is available for review at the Clerk of the Board's Office.

ENVIRONMENTAL CLEARANCE: This Lease is Categorically Exempt from review pursuant to Section 15301 of the California Environmental Quality Act. This Section provides for activities, including leasing of existing facilities, when there is no expansion of use beyond that previously existing.

FISCAL IMPACT: On August 1, 2007, the current monthly rent of approximately \$1,330 will be reduced by approximately \$385 per month or \$4,618 annually. In addition, the annual cost of living increase formula will change from a Consumer Price Index percentage between 2.5% and 5%, to a flat 2% annual increase. This reduction in revenue will have a negligible effect on County revenues.

JD:MD:MR:kj

AVAILABLE FOR REVIEW AT THE CLERK OF THE BOARD'S OFFICE: LEASE AMENDMENT

cc: COUNTY EXECUTIVE OFFICE
ADMINISTRATIVE SERVICES

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