



M E M O R A N D U M
PUBLIC WORKS AND FACILITIES
PROPERTY MANAGEMENT DIVISION
County of Placer

TO: Board of Supervisors **DATE:** August 23, 2016
FROM: Ken Grehm, Director of Public Works and Facilities
By: Laurie Morse, Property Manager
SUBJECT: Property Management / Lease Amendment / New Cingular Wireless PCS / Placer
County Government Center

ACTION REQUESTED

Authorize the Director of Public Works and Facilities, or designee, to execute Lease Amendment No. 2 with New Cingular Wireless PCS, LLC, a Delaware limited liability company, setting rent escalations at 2.5 percent per year throughout the Term of the Lease and providing two additional 5-year Option Terms.

BACKGROUND

In 1993 the County of Placer entered into Lease Agreement 93-037, which leased a portion of the real property at the Placer County Government Center to New Cingular Wireless PCS, LLC, a Delaware limited liability company (New Cingular). This Agreement permitted New Cingular to install its antennas and equipment building on County Property.

In 2007, the County determined relocation of New Cingular's leased premises and construction of a new communication tower was necessary to support County's new Auburn Justice Center. To effect this change, the Agreement was modified with Amendment No. 1, which changed the premises location to 11275 B Avenue in Auburn.

Under the current Agreement, monthly rent is subject to an Annual Rental Adjustment in accordance with the Consumer Price Index (CPI). New Cingular has requested to change the CPI increases to a fixed 2.5 percent annual increase throughout the remaining term of the Agreement. Property Management has evaluated CPI increases over the last 23 years, and concluded the proposed fixed annual increases would be advantageous to the County. New Cingular also requested two additional 5-year options to extend the Term of the Agreement, beyond the 5-year Initial Term and the five original 5-year Option Terms. The Agreement is currently in its fourth Option Term, which is set to expire on June 30, 2018, and one 5-year Option Term remains. Staff supports the proposed two additional 5-year Option Terms, which could extend the term of the Agreement into 2033.

In order to incorporate these negotiated changes into the current Agreement it is necessary for your Board to authorize the Director of Public Works and Facilities, or designee, to execute Lease Amendment No. 2.

ENVIRONMENTAL IMPACT

This Lease Amendment 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, where there is no expansion of use beyond that previously existing.

FISCAL IMPACT

The approval of Amendment No. 2 will result in no additional cost to the County as all expenses associated with operations and maintenance of the premises will continue to be New Cingular's sole responsibility. As the average CPI over the past 23 years was 2.4 percent, the fixed 2.5 percent annual escalation may result in an additional \$1,800 in revenue by 2033.

On file with Clerk of the Board: Lease Agreement 93-037
Amendment No. 1 and No. 2

