

Meeting Date: 5/28/2013

Report Type: Staff/Discussion

Report ID: 2013-00120

Title: Update on Citywide Cell Towers and Billboards

Location: Citywide

Issue: The FY2011/12 Approved Budget directed cell tower and billboard revenue (with certain exceptions) to be used for closing the General Fund budget deficit for the 2011/12, 2012/13, and 2013/14 fiscal years and directed staff to provide a report on these and other General Fund revenues as part of the FY2014/15 budget development process relative to the need to continue to direct these resources to balance the General Fund. This report provides an early status report as requested by Council.

Recommendation: Receive and file.

Contact: Leyne Milstein, Director, (916) 808-8491; Dawn Holm, Budget Manager, (916) 808-5574, Department of Finance

Presenter: Leyne Milstein, Director, (916) 808-8491, Department of Finance

Department: Finance

Division: Budget Office

Dept ID: 06001411

Attachments:

1-Description/Analysis

2-Attachment 1 Cell Tower

3-Attachment 2-Electronic Billboards

City Attorney Review

Approved as to Form

Gerald Hicks

5/21/2013 10:46:47 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 5/20/2013 4:53:11 PM

Description/Analysis

Issue: To assist in closing the City's FY2011/12, FY2012/13, and FY2013/14 budget shortfalls, Council redirected electronic billboard and wireless/telecommunication lease revenues (Attachments 1 and 2) to the General Fund (Resolution 2012-020). Staff was directed to return to Council during the FY2014/15 budget development process to provide an update on the use of these revenues; however, an update was requested as part of the FY2013/14 budget hearings.

Policy Considerations: Until the City regains fiscal sustainability (base operating costs are less than base revenues), the redirection of these resources will continue to be a necessary consideration during the annual budget process.

Economic Impacts: None.

Environmental Considerations: This is an informational report, which will not have a significant effect on the environment and which do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) Guidelines Sections 15061(b)(3); 15378(b)(2). CEQA review for any new cell tower or electronic billboard project would be performed in conjunction with planning, design, and approval of each specific project as appropriate.

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The Proposed FY2013/14 Operating Budget has a General Fund deficit of \$8.9 million unless all employees pay the employee share of the required retirement contributions to the California Public Employee Retirement System (CalPERS) or 40.0 FTE are reduced, departments are reorganized and right-sized within current fiscal restraints, and grant opportunities are pursued. Unless the General Fund revenue grows enough to sustain its expenditures, the cell tower and electronic billboard funding should not be reconsidered for alternate uses.

Financial Considerations: The General Fund expenditures continue to outpace revenue growth and a structural deficit persists. Prior to budget balancing, the cell tower and electronic billboard funding helped reduce the deficit to \$8.9 million.

Emerging Small Business Development (ESBD): Not applicable.

Location #	Cell Tower Location	Council District	Telecom Provider Name	FY2012/13 Rent	FY2013/14 Rent (projected)	Year of Inception/ Initial Term	Option to Extend/ Years per Extension	City Agreement Number	Type of Contract	Other Information
1	Del Paso Park	2	AT&T	\$25,116	\$25,492	December 2005 10 Years	1 Option to Extend 10 Years	2005-0196 (Reso 2005-872)	Revocable Permit	
2	Johnston Park	2	Verizon	\$11,033	\$11,174	March 1995 10 Years	2 Options to Extend 5 Years Each	95-061 (Reso 95-122)	Lease	
3	Johnston Park	2	Metro PCS	\$21,159	\$21,890	November 2003 10 Years	1 Option to Extend 10 Years	2003-188 (Reso 2003-767)	Revocable Permit	
4	Robla Reservoir	2	Sprint	\$26,594	\$27,924	June 2005 10 Years	1 Option to Extend 10 Years	2005-088 (Reso 2005-443)	Revocable Permit	
5	Alhambra Reservoir	3	AT&T	\$37,332	\$35,479	January 1991 10 Years	1 Option to Extend 10 Years	91-009 (Reso 91-005) 91-009-1 (Reso 2002-343)	Revocable Permit	Conversion to Lease in 2013
6	Alhambra Reservoir	3	Metro PCS	\$16,883	\$17,389	May 2009 10 Years	1 Option to Extend 10 Years	2009-0383 (Reso 2009-227)	Revocable Permit	
7	Ninos Parkway	3	Sprint	\$21,753	\$22,116	February 2004 10 Years	1 Option to Extend 10 Years	2004-056 (Reso 2004-246)	Revocable Permit	
8	Ninos Parkway	3	Sprint	\$3,989	\$4,189	May 2005 10 Years	1 Option to Extend 10 Years	2005-0393	Revocable Permit	
9	Northgate Park	3	AT&T	\$21,584	\$22,232	August 1995 10 Years	1 Option to Extend 10 Years	1995-187 (Reso 95-574) 95-187-1 (Reso 2002-343)	Revocable Permit	
10	Riverside Water Treatment Plant	4	AT&T	\$17,033	\$17,373	September 1994 10 Years	1 Option to Extend 10 Years	94-127 94-127-2 (Reso 2002-378)	Revocable Permit	Conversion to Lease in 2014
11	Riverside Water Treatment Plant	4	Verizon	\$9,621	\$9,813	July 1995 10 Years	1 Option to Extend 10 Years	95-123 (Reso 95-357)	Revocable Permit	
12	City College Reservoir	5	Sprint	\$13,669	\$14,079	January 1997 10 Years	1 Option to Extend 10 Years	97-016 (Reso 97-066)	Revocable Permit	
13	City College Reservoir	5	Verizon	\$29,137	\$30,156	November 1999 10 Years	1 Option to Extend 10 Years	99-537 (Reso 2000-076)	Revocable Permit	
14	City College Reservoir	5	AT&T	\$35,183	\$35,479	January 1991 10 Years	1 Option to Extend 10 Years	1991-010 (Reso 1991-005)	Revocable Permit	Conversion to Lease in 2013
15	McClatchy Park	5	Metro PCS	\$17,389	\$17,911	October 2008 10 Years	1 Option to Extend 10 Years	2008-2010 (Reso 2008-695)	Revocable Permit	

Location #	Cell Tower Location	Council District	Telecom Provider Name	FY2012/13 Rent	FY2013/14 Rent (projected)	Year of Inception/ Initial Term	Option to Extend/ Years per Extension	City Agreement Number	Type of Contract	Other Information
16	Reichmuth Park	5	AT&T	\$23,622	\$24,567	December 2010 10 Years	1 Option to Extend 10 Years	2010-0984 (Reso 2010-713)	Revocable Permit	
17	Oki Park	6	Verizon	\$20,420	\$21,033	November 1999 10 Years	1 Option to Extend 10 Years	99-536 (Reso 2000-075)	Revocable Permit	
18	Oki Park	6	AT&T	\$20,648	\$21,268	September 1996 10 Years	1 Option to Extend 10 Years	96-115 (Reso 96-517) 96-115-1 (Reso 2002-343)	Revocable Permit	
19	Sim Park	6	Metro PCS	\$25,328	\$26,594	October 2006 10 Years	1 Option to Extend 10 Years	2006-1064 (Reso 2006-711)	Revocable Permit	
20	UCD Med Center Water Tower	6	Sprint	\$14,402	\$14,834	January 1997 10 Years	1 Option to Extend 10 Years	97-058 97-058-1 (Reso 97-223)	Revocable Permit	
21	Freeport Water Tower	7	Sprint	\$12,911	\$13,298	January 1997 10 Years	1 Option to Extend 10 Years	97-017 (Reso 97-067)	Revocable Permit	
22	Freeport Water Tower	7	AT&T	\$37,332	\$35,479	March 1991 10 Years	1 Option to Extend 10 Years	91-041 (Reso 91-184) 91-041-1 (Reso 2002-343)	Revocable Permit	Conversion to Lease in 2013
23	Meadowview Community Center & Park	8	Sprint	\$14,402	\$14,834	January 1997 10 Years	1 Option to Extend 10 Years	97-028 (Reso 97-113)	Revocable Permit	
24	Meadowview Community Center & Park	8	Metro PCS	\$21,107	\$22,162	May 2006 10 Years	1 Option to Extend 10 Years	2006-553 (Reso 2006-374)	Revocable Permit	
25	Meadowview Community Center & Park	8	Clearwire Wireless	\$20,248	\$21,057	November 2010 10 Years	1 Option to Extend 10 Years	2010-0964 (Reso 2010-638)	Revocable Permit	
26	N. Laguna Creek Park	8	AT&T	\$25,328	\$26,594	February 2006 10 Years	1 Option to Extend 10 Years	2006-0194 (Reso 2006-128)	Revocable Permit	
27	N. Laguna Creek Park	8	Clearwire Wireless	\$20,248	\$21,057	November 2010 10 Years	1 Option to Extend 10 Years	2010-0963 (Reso 2010-637)	Revocable Permit	
TOTAL FISCAL YEAR REVENUE				\$563,469	\$575,475					

Electronic Billboard Location	Council District	Name of Electronic Billboard	Annual Rent	Lease Terms*	Other Information*
West side of Interstate 5, south of Richards Boulevard (240 Jibboom Street, APN: 001-0190-015)	1	Power House Site	\$ 180,000	25 years, with an option for an additional five years (30 years total). Note: Lease agreements executed in June 2010.	Rent for Years 6-10 Monthly rent per sign will be the higher of (a) \$15,000 or (b) one-twelfth of 30% of the average annual net revenue realized by Clear Channel Outdoor (CCO) during lease years 3, 4, and 5. Lease years 1 and 2 are expected to be a period of revenue stabilization and are thus omitted from the proposed calculation.
North side of Interstate 80, east of Northgate Boulevard (237-0031-036)	2	North Sac. Site	\$ 180,000		Rent for Years 11-15, 16-20, and 21-25, plus Years 25-30 (optional term) Monthly rent per sign will be the higher of (a) rent paid during the preceding five-year period; or (b) one-twelfth of 30% of the average annual net revenue realized by CCO during the preceding five-year period.
Business 80 and Fulton Avenue (3630 Fulton Avenue, APN: 254-0310-002)	2	Haggin Oaks/Rapton Site	\$ 180,000		
West side of Highway 99, south of Mack Road (APN: 117-0170-067)	8	South Sac. Site	\$ 180,000		

*Applies to All Electronic Billboard Locations