



CITY COUNCIL STAFF REPORT

ITEM NO. 6.5

DATE: January 12, 2026

TO: Honorable Mayor and City Council

FROM: Brandon Cardwell, Innovation and Economic Development Director

SUBJECT: Resolution authorizing the City Manager to execute first amendments to the lease agreements between the City and New Cingular Wireless PCS, LLC.

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution authorizing the City Manager to execute the first amendment to the lease agreements between the City and New Cingular Wireless PCS, LLC, amending Paragraph 5 of the original leases adding sub paragraph (f) Alternative Security, to allow standby letter(s) of credit in the total amount of \$10,000 in lieu of the Certificate of Deposit required by Section 5(e)(2) of the original leases.

DECISION TYPE

Quasi-judicial

SUMMARY

On September 11, 2024, the City and New Cingular Wireless PCS, LLC (Lessee), executed leases on a portion of two City-owned properties to allow Lessee to install and maintain wireless telecommunication facilities including ground equipment at 2705 Ames Street and 3663 Pacific Avenue.

Paragraph 5(e)(2) of the lease agreements requires the Lessee to provide a Joint Certificate of Deposit in the amount of Ten Thousand Dollars (\$10,000) for each lease to ensure the Lessee's faithful performance of all the terms and conditions in the lease agreements.

Due to Lessee's difficulties in acquiring Certificates of Deposits, the Lessee approached staff with a request to amend Paragraph 5 of the leases to allow for an original, unconditional, clean, irrevocable, standby letter(s) of credit in the total amount of \$10,000 ("Letter of Credit") for each lease, naming City as the beneficiary, which the City may draw upon to cure any event of default or breach of the lease in lieu of the Certificate of Deposit required by Section 5(e)(2) of the original leases.

Staff recommends the City Council adopt a resolution authorizing the City Manager to execute the First

Amendment to Lease Agreements between the City and New Cingular Wireless PCS, LLC, amending Paragraph 5 of the original leases to add sub paragraph (f) Alternative Security, to allow standby letter(s) of credit in the amount of \$10,000 ("Letter of Credit") in lieu of the Certificate of Deposit required by Section 5(e)(2) of the original leases.

DISCUSSION

On September 11, 2024, the City and New Cingular Wireless PCS, LLC (Lessee), executed leases on a portion of two City-owned properties, allowing the Lessee to erect wireless antennas on an existing PG&E tower at 2705 Ames Street and on an existing Verizon wireless antenna tower at 3663 Pacific Avenue. PG&E granted permission for the Lessee to install wireless antennas on PG&E's tower, and Verizon granted the Lessee permission to co-locate wireless antennas on Verizon's existing tower. PG&E has an existing easement for their tower and overhead transmission power lines on the City property at 2705 Ames Street, and Verizon has a current lease with the City for Verizon's existing wireless telecommunication facility at 3663 Pacific Avenue. The Lessee's new ground equipment, installed and maintained by the Lessee within the leased areas of the lease agreements, supports the operation of the wireless antenna facilities at each site.

Paragraph 5(e)(2) of the original lease agreements requires the Lessee to provide a Joint Certificate of Deposit in the amount of Ten Thousand Dollars (\$10,000) for each lease to ensure the Lessee's faithful performance of all the terms and conditions in the lease agreements. Due to Lessee's difficulties in acquiring Certificates of Deposits, Lessee approached staff with a request to allow letters of credit in lieu of the Certificates of Deposit.

Staff evaluated the request and determined the Letter of Credit provides sufficient security of performance. Therefore, staff recommends the City Council adopt a resolution authorizing the City Manager to execute the First Amendment to Lease Agreements between the City and New Cingular Wireless PCS, LLC, amending Paragraph 5 of the original leases to add sub paragraph (f) Alternative Security, to allow standby letter(s) of credit in the amount of \$10,000 ("Letter of Credit") in lieu of the Certificate of Deposit required by Section 5(e)(2) of the original leases.

Except as specifically modified by this proposed First Amendment, the terms and conditions of the original lease agreements for each site shall remain in full force and effect.

FISCAL AND ADMINISTRATIVE IMPACTS

The rent revenues from these leases remain the same and directly benefit the City's General Fund. The annual rental revenue from the lease agreement at 2705 Ames Street is approximately \$37,200. The annual rental revenue from the lease agreement at 3663 Pacific Avenue is approximately \$24,000. This annual rental rate for each of the lease agreements increases by 3.5% each year until the end of the lease term and any approved extensions of the leases.

COMMUNITY PILLAR

5: A City that Works

GOAL

14: Develop, operate, and maintain the City's infrastructure.

ATTACHMENTS

1. Location Map - 2705 Ames Street
2. Location Map - 3663 Pacific Ave
3. Resolution
4. Exhibit A - First Amendment Lease Agreement 2705 Ames St
5. Exhibit B - First Amendment Lease Agreement 3663 Pacific Ave

Prepared by: Mike Pato
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Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director