



SUMMARY REPORT

Agenda Date: 7/9/2019

To: Sonoma County Board of Supervisors

Department or Agency Name(s): General Services

Staff Name and Phone Number: Caroline Judy, 565-8058; Pamela Asselmeier, 565-1753

Vote Requirement: Majority

Supervisory District(s): 5th

Title:

New Ground Lease with California State Department of General Services at Oakridge for Telecommunications Purposes

Recommended Action:

- A) Declare intent to execute a ground lease for a telecommunications facility at the Oakridge Lookout site near Annapolis, with the California State Department of General Services (DGS), for an initial 10-year term commencing on or about July 1, 2019, with three 5-year optional extensions, for a base of \$18,534/annually (the "Ground Lease Agreement"), subject to a 3.5% annual escalation, for continued use by the Sheriff's Office Telecommunications (T-Comm) Bureau's operations, and its subtenants, on form approved by County Counsel.
- B) Direct the Clerk of the Board to publish a Notice of Intent pursuant to Government Code Section 25350 to execute the Ground Lease Agreement.

(Fifth District)

Executive Summary:

The County's current Ground Lease with the State DGS for the placement of County's communications equipment vault at Oakridge site is expiring on June 30, 2019. The County General Services Department together with the Sheriff's Office T-Comm Bureau has submitted an official application to the State to request approval for continued operation of the Sheriff T-Comm equipment for the maximum period allowed by the State, namely a new 10-year term with three 5-year options to extend.

On April 26, 2019, the County submitted the required renewal application (*known as the TD-312 form*) to the State DGS in order to renew the ground lease. The State DGS is reviewing the County's lease renewal application setting forth the County's equipment list and operational needs, together with the equipment and needs of County's sublicensee, the County of Mendocino Sheriff's Office. While the County's vault is located on State DGS property, the County's antenna is located on a tower at the site owned by Crown Castle; Crown Castle has its own ground lease with State DGS for their tower.

On May 21, 2019, the Board pursuant to CA GC 25350, approved a declaration of intent to execute the ground lease for an initial 10-year term commencing on July 1, 2019, with three five year optional extensions, for a base rent not to exceed \$37,063 subject to an annual 3.5% escalation. Additional budget appropriations of \$42,063 for FY 19/20 were authorized by the Board, however due to an oversight were not included in the

Recommended Budget Supplemental adopted during the budget hearings. Subsequent to the Board's action, staff have negotiated with the State for a reduced rent based upon the public benefit provided by the communications equipment, and therefore the revised lower rent of \$18,534 will be requested in first quarter CBA's as an augmentation to the General Services budget.

The County's lease with Crown Castle for our microwave antenna commenced on August 1, 2015 and continues for a period of 10 years with two automatic renewals of 5 years each, thus providing a total lease term for the tower space through August 1, 2035, unless earlier terminated.

The County also has a fire watch camera installed at the tower under the Sonoma Water Pilot Project initiated in the fall of 2018. The lease at this tower site enables the County's microwave and fire watch camera equipment thereby supporting critical public safety communications for the north Sonoma County coastal area.

Discussion:

General Services manages the capital improvements, lease expenses and revenues associated with the communications towers on behalf of the public safety users including the Sheriff, Sonoma Water, and other public entities, as well as private users of communications sites. Maintenance of tower equipment is performed by the Sheriff's Office T-Comm unit. The County negotiates and enters into lease agreements with private entities who own the sites, and in turn negotiates lease agreements with owners of equipment on the towers or in the power vaults serving those sites. Capital improvements are authorized by the Board of Supervisors through the annual Five Year Capital Improvement Plan and the annual Capital Budget. Ongoing communications tower site lease expenses historically have been budgeted as part of the General Services operating budget. Leases are renewed periodically and subject to increases based upon market conditions or expansion of use at each site.

The County as lessee entered into a Ground Lease with State DGS as of May 1, 1995, for approximately 353 square feet of ground space at the Oak Ridge Lookout site. The ground lease is for a vault that houses the County's noncommercial telecommunications broadcast/receiver/repeater equipment. The County owns the vault per the terms of the lease.

Related to said Ground Lease, the County also has a license with Crown Castle GT Company for space on Crown Castle's tower at the same site for siting and operation of County's microwave antenna. The County also provides vault space to Mendocino County for its radio equipment for no monetary consideration in exchange for the County operating its equipment at a Mendocino County site (Fish Rock) at no monetary consideration.

Currently, State DGS allows the County to operate its telecommunications equipment at the Oakridge site for no monetary consideration in exchange for County permitting California Highway Patrol to license space in the County's vault for no monetary consideration.

Pursuant to the First Amendment to the Ground Lease with State DGS, the County's term was amended to expire on June 30, 2019, and there were no additional renewal option periods. (The State has issued the County a holdover letter allowing the County to remain in possession under the current terms until a new

lease is executed). For this reason, the County is obligated to commence a renewal of the Lease term and submit payment of fees for technical review and lease preparation. A renewed Ground Lease with the State DGS for the vault space and location of radio equipment, together with County's existing license with Crown Castle for tower space for the County's antenna are both necessary for the Sheriff's T-Comm Bureau to operate at Oakridge. Due to new guidance issued by State DGS, the County will be required to pay no less than 50% of State DGS determined fair market rent for State owned facilities. The State's new guidance document is included as Attachment 2. The State has implemented this new policy to standardize telecommunications ground space, vault and tower rents on State owned properties. State DGS has confirmed these lease terms, and that there is no opportunity to waive or reduce the rents. The State is in the process of preparing the new Ground Lease, while the Holdover Letter protects the County's position.

Staff recommends that the Board delegate authority to the Director of General Services to execute this Ground Lease, in a form approved by County Counsel with the following terms: the term of the Lease will commence on or about July 1, 2019 for an initial period of ten (10) years; County will have the right to extend the Lease for up to three (3) additional five 5-year terms; base rent payable by County will be less than \$18,534/annually. The Lease will provide for annual escalations of rent not to exceed 3.5% on the anniversary of the term. Execution of a Ground Lease promotes the public interest as it supports continued and improved communication coverage of fire and emergency services and protects the safety of County residents and their property.

Procedural Authority:

Government Code Section 25350 requires two (2) Board actions, which includes publication of a notice of intent for three (3) consecutive weeks, for an agreement where County is tenant, the lease agreement is valued at more than \$50,000, and the term is greater than three (3) years. Staff has prepared the attached notice for publication, which sets July 9, 2019 as the date and time of the meeting to approve the lease agreement and authorize its execution. By approving this agenda item, the Board directs the Clerk of the Board to publish the notice in accordance with Government Code Section 25350. Upon conclusion of the required notice publication period, the Board would receive any public comments at its regular meeting on or about July 9, 2019, approve the final Lease Agreement, and authorize the General Services Director to execute the Lease Agreement.

Prior Board Actions:

Board of Supervisors Summary Report Authorization Approved May 21, 2019, as Agenda Item 15.

Resolution No 95-0397 dated April 5, 1995 - Notice of Intent to Enter into Lease;

Resolution No. 95-0555, Dated May 2, 1995 to Approve the Lease with the State for Telecommunications at Oakridge.

FISCAL SUMMARY

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected
Budgeted Expenses	\$0	\$0	\$0
Additional Appropriation Requested		\$19,183	\$19,854

Total Expenditures	\$18,534	\$19,183	\$19,854
Funding Sources			
General Fund/WA GF	\$18,534		
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies	\$18,534	\$19,183	\$19,854
Total Sources	\$18,534	\$19,183	\$19,854

Narrative Explanation of Fiscal Impacts:

Prior Board action on May 21, 2019 authorized the FY 19/20 projected budget expense of \$42,063 required for General Services to pay the lease expense anticipated under the new lease agreement. (This amount was based on projected full market rent; subsequently we were advised that the County should receive the 50% reduction.) Due to an oversight, this authorization was not included in the Supplemental Budget actions. As a result staff are requesting a first quarter CBA adjustment to the General Services budget to pay for the actual lease expense incurred.

General Services manages the expenses and revenues associated with the communications towers on behalf of the Sheriff, Sonoma Water, and other public entities, as well as private users of communications sites.

Due to new guidance issued by State DGS, the County will be required to pay no less than 50% of State DGS determined fair market rent for State owned communications tower facilities. As a result, beginning in FY 19-20, an additional General Fund contribution of \$18,534 will be necessary for the ground lease rent for continued operation of the Sheriff T-Comm equipment. Base rent for the Site will be \$18,534/annually, commencing July 1, 2019 for the initial 10-year term, subject to 3.5% annual adjustments. The County will seek contribution from its subtenants for their proportionate share of base rent going forward.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Attachment 1 - Notice of Intent

Attachment 2 - State GSD Bulletin #18-05, #18-06, Telecommunications Lease Rate Guidelines Revised: July

Agenda Date: 7/9/2019

2018

Related Items “On File” with the Clerk of the Board:

None