



DATE: January 12, 2017

TO: Programs & Administration Committee

FROM: Pat Cabrera, Administrative Services Director

BY: Brian Mathews, Senior Program Manager

SUBJECT: ACWMA Property Lease: Sprint, T-Mobile, AT&T

SUMMARY

This memo updates the Programs and Administration Committee on the Sprint electrical trench lease approved by the WMA in June of 2015, and introduces two new sub-leases of the same infrastructure. At the January 12, 2017 Programs & Administration Committee meeting, staff will seek approval and advancement of lease recommendations to the WMA for consideration at its January meeting.

DISCUSSION

The WMA owns approximately 1,600 acres of real property in eastern Alameda County. The WMA manages seven agreements for use of the property including a wind power easement, a residential tenant lease, two memoranda of agreement with government agencies (Bay Area Air Quality Management District, and the East Bay Regional Communication System Authority), a grazing license and two leases with telecommunications companies.

In 2006 the WMA entered into an electrical trench lease which allows the lessor (Sprint) to access power from a source on WMA property. The trench traverses the WMA property (Assessor Parcel Numbers 99A-1810-001, 99A-1780-001-04, and 99A-1790-003) from a PG&E power pole and delivers power to a telecommunication facility on property neighboring the WMA property.

In 2015 the WMA went out to bid for renewal of the electrical trench lease, which services Sprint antenna facilities on neighboring property.

The Board approved renewal of the lease agreement pursuant to the following financial terms:

- 10 year lease term
- Annual rent escalation based on CPI
- Initial rental amount upon renewal of \$7,914.88/quarter as adjusted upward by the April 2016 Consumer Price Index
- Contractual terms consistent with the existing lease agreement and approved to form by WMA Counsel

A new lease was signed in September 2016.

In July, before the lease renewal was signed, Sprint approached the Authority requesting amendment to the lease terms that would allow Sprint to sub-lease the electrical trench. We declined the request on

the grounds that the lease, which had been put out to public bid, exclusively reserved the right of sub-leasing to the Authority. In August and September the Authority was separately approached by AT&T and T-Mobile requesting to sub-lease the electrical trench. Both telecommunication providers have antenna facilities on neighboring property.

To accommodate the two new tenants, staff developed the following financial terms:

- If one new tenant subleases the electrical trench, the Authority will reduce the original rent to Sprint (primary tenant) by 25%, and charge the new tenant 75% of the original lease. Net impact is a 50% increase in rent revenue.
- If two new tenants sublease the electrical trench, the Authority will reduce the original rent to Sprint by 33%, and charge each of the new tenants 66% of the original lease. Net impact is a doubling of rent revenue.
- Additional tenants would reduce the original rent to Sprint by 37.5%, and all subleasing tenants would pay 62.5% of the original rent.

All other financial terms, described above, would continue to apply.

In preliminary discussions, AT&T and T-Mobile have agreed to the terms of the lease.

RECOMMENDATION

That the Programs and Administration Committee recommend that the Authority Board authorize the Executive Director to amend the Sprint electrical trench lease to reduce the rent by the terms described herein if and when new tenants sub-lease the electrical trench; and,

That the Programs and Administration Committee recommend that the Authority Board authorize the Executive Director to enter into a lease agreement based on the terms described herein to AT&T for use of the electrical trench operated by Sprint; and

That the Programs and Administration Committee recommend that the Authority Board authorize the Executive Director to enter into a lease agreement based on the terms described herein to T-Mobile for use of the electrical trench operated by Sprint.