



Legislation Text

File #: 20-008, **Version:** 1

Report Prepared by: Frank Quintero, Director of Economic Development

SUBJECT: Approval of a Second Amendment to the Lease Agreement Between the City of Merced and NCWPCS MPS 29-Year Tower Holding, LLC. Allowing up to Three Additional Renewal Options for Use of the Transmission Tower Located on Top of the Ralph Shannon Parade (1729 M Street) for a Minimum Base Rent of \$2,000.00 Per Month

REPORT IN BRIEF

Considers a second lease agreement amendment allows two additional five-year terms and up to one additional two-year term for the use of the transmission tower located on the top floor of the Ralph Shannon Parade.

RECOMMENDATION

City Council - Adopt a motion approving the second amendment to the lease agreement between the City of Merced and NCWPCS MPS 29-Year Tower Holding, LLC and authorizing the City Manager or the Assistant City Manager to execute all the necessary documents.

ALTERNATIVES

1. Approve as recommended by staff; or
2. Approve, subject to conditions as specified by the City Council; or
3. Deny the request; or,
4. Refer back to staff for reconsideration of specific items as requested by the Council; or
5. Defer action until a specified date

AUTHORITY

Charter of the City of Merced, Section 200

CITY COUNCIL PRIORITIES

As provided for in the City of Merced 2019-20 Adopted Budget

DISCUSSION

The transmission tower atop the Ralph Shannon Parade has been in use and leased since 1996. Users have included Cellular 2000, Cingular, Clearwire, and AT&T. Due to acquisitions and mergers over the years, the holding company now working with the City of Merced for use of the transmission tower is NCWPCS MPS 29-Year Tower Holding, LLC.

The original Lease Agreement was executed in 1996, renewed in 2006, first amended in 2013, and now a proposed second amendment to the lease agreement is before the City Council for consideration (Attachment 1).

Key Terms of the Second Amendment:

- **Assignment:** The proposed Second Amendment transfers and assigns the current Lease Agreement to NCWPCS MPS 29-Year Tower Holding, LLC.
- **Lease Options:** Lessee will obtain the right to exercise options for two additional five-year terms and one two-year term.
- **Revised Rent:** Minimum base rent is \$2000.00 and escalates annually based on the Consumer Price Index (per First Amendment.)
- **Holding Over:** Any holding over of the Lease, consent of the City, shall result in a monthly lease rate of \$2,500.00.

The proposed second amendment to the lease agreement complies with the terms previously agreed to with the original lease. Leasing the transmission tower provides a steady source of income for the City.

IMPACT ON CITY RESOURCES

No appropriation of funds is needed.

ATTACHMENTS

1. Proposed Second Amendment to the Lease Agreement with NCWPCS MPS 29-Year Tower Holding, LLC