



Staff Reports Details (With Text)

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Date	Ver.	Action By	Action	Result
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5/19/2020 1 CITY COUNCIL OF THE CITY OF NAPA

To: Honorable Mayor and Members of City Council

From: Julie Lucido, Public Works Director

Prepared By: Jeff Freitas, Property Manager

TITLE:
City's Emergency Communications Site Lease

RECOMMENDED ACTION:

Adopt a resolution authorizing the City Manager to finalize and execute a lease agreement with John Tuteur and Mary Holman Tuteur, Co-Trustees of the Tuteur Family Irrevocable Trust Dated 12/22/1979, for the Sugarloaf communications site located on property in Napa County (near 1393 Green Valley Rd; APN 045-350-004), for operation of the City's emergency communications system at an initial rental rate of \$32,000.00 per year, with an annual CPI adjustment, for an initial term of five years with options to extend for an additional twenty-five years; and determining that the actions authorized by this resolution are exempt from CEQA.

DISCUSSION:

The City of Napa has an existing communications site in the rural southeast part of Napa County, at the Solano County line and known as "Sugarloaf," where the City's 911 emergency communications are routed. The site is accessed by use of a private road, contains approximately 40,000 square feet (.92 acre) in size, and is improved with a small concrete block building, a communications tower, and related communications equipment necessary to operate the City's communication system.

The existing site has been under lease with the Tuteur family since 1966 pursuant to City Agreement No. 1387. The lease, which was also recorded June 22, 1966 in Volume 748 at page 485, Napa County Official Records, had an initial term of 20 years but has been amended and extended over the years by the City exercising its options to extend the lease. The City has no more options to

extend the existing lease.

The proposed lease will allow the City to continue operating its communication site in its present location in substantially the same manner that the City has operated the communications site for the past 54 years. The lease provides an initial five-year term beginning July 1, 2020 and gives the City five additional options to extend the lease for additional terms of five years each, for a total of 30 years. The City's IT Division has advised that maintaining the existing communications site in its present location is the best option for the City to continue its vital 911 communications system.

Staff has negotiated the terms of the proposed lease with input from the City Attorney's office, the City's IT Division, and the City's Facilities Maintenance Division. Under the new lease, the City has a proportionate shared responsibility for road maintenance and wildfire preventative maintenance along with other tenants who operate their own nearby communications sites. For each of these shared expense categories, the City's financial responsibility contains limits. The City actually has full responsibility for road maintenance under the existing lease however, in practice, other road users have joined the City in completing necessary road repairs.

Approval of the proposed lease will allow the City to continue its 911 Communications operations without interruption.

FINANCIAL IMPACTS:

The initial amount of rent at the start of the initial term of the lease is \$32,000.00 per year, payable by June 15th each year in advance of the term. Consistent with typical commercial leases, the amount of rent will be adjusted annually by the Consumer Price Index, San Francisco-Oakland-Hayward, All Urban Consumers (CPI-U), with any increase capped at a three percent (3%) maximum. The lease provides the City the right to cancel the lease annually at the end of each fiscal year in the event the City is unable to obtain funds for the lease during the City's budget process.

In addition to the rent, the lease obligates the City to proportionately share in the cost of access road maintenance and wildfire preventative maintenance, the amount of which will fluctuate annually. The City's contribution for road maintenance is limited based on the City's assigned percentage of use of different segments of the access road, with the limit ranging from 12.5% to 23.75% of the maintenance expense, depending on the segment of the road where the maintenance occurs. The City's contribution for wildfire preventative maintenance shall not exceed \$1,000 per year. The City's contribution towards road maintenance and wildfire prevention can be cash or in-kind contributions (time, equipment, and materials).

The lease also requires the City to reimburse the Lessor for the proportionate share of property taxes attributed to the City's lease, with a maximum obligation of \$3,500 per year. The amount of rent is higher than the City has been paying over the past 54 years, but it is typical for the proposed lease. Similarly, the City has not paid any property taxes at the lease site over the past 54 years, but such payment is typical for this type of lease and the maximum amount is considered reasonable.

Funds for the proposed lease expense are budgeted in Account Number 41611 - 54401.

CEQA:

City staff recommends that the City Council determine that the Recommended Action is exempt from CEQA pursuant to CEQA Guidelines Section 15301 (leasing of existing public or private structures or facilities involving negligible or no expansion of use beyond that existing at the time of the lead

agency's determination).

DOCUMENTS ATTACHED:

ATCH 1 - Resolution

NOTIFICATION:

None.