

# CITY OF OAKLAND

## AGENDA REPORT

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2011 SEP 15 PM 1:10

TO: Office of the City Administrator  
ATTN: Deanna J. Santana  
FROM: Community and Economic Development Agency  
DATE: September 27, 2011

RE: A City Resolution Authorizing The City Administrator To Execute A Five Year Lease Extension With Two (2) Five Year Options To Renew The Existing Lease For City-Owned Communications Equipments Located At 1111 Broadway, With OCC Venture, LLC, A Delaware Limited Liability Company, For An Initial Annual Rent Of \$120,000.

---

### SUMMARY

Staff is requesting approval from the City Council (the "City") to execute a five-year lease extension with two (2) five-year options to renew the existing lease for city-owned public safety mission critical radio communications equipment located at 1111 Broadway, with OCC Venture, LLC, a Delaware Limited Liability Company, for an initial annual rent of \$120,000.

### FISCAL IMPACT

Funding for the extended lease (\$120,000/annually) is in the FY 2011-13 Adopted Budget and in the Department of Information Technology's Radio/Telecommunications Fund (4200). The FY 2011-13 Adopted Budget anticipated the lease would continue at \$160,000; a cost avoidance of \$40,000 per year. The extended lease is not anticipated to have a negative impact on the General Purpose Fund.

### BACKGROUND

The City entered into a ten-year lease on November 12, 1991, for rooftop space at 1111 Broadway in order to install radio communications antenna and equipment for the purpose of city communications, microwave backhaul, public safety radios and emergency services. Specifically, the City installed a number of dish antennas (West Tower) and new microwave backhaul equipment on the rooftop and supporting hardware and software on a lower floor. The City's Information Technology Department selected the 1111 Broadway rooftop site because it is the tallest building in downtown Oakland which facilitates backhaul connectivity with other radio sites in the City and optimal radio coverage for public safety and emergency services.

Item: \_\_\_\_\_  
Finance & Management Committee  
September 27, 2011

Pursuant to the lease, the City exercised its two five-year options to renew. In order for the City to continue to utilize this site for city communications and emergency services, the City must enter into a new lease extension.

City Real Estate staff negotiated the new terms and conditions of the proposed lease. By renegotiating the lease, the City reduced the rent, lowered the annual rent increases and expanded the leased area, saving the City approximately \$40,000 in rent in the first year of the lease and cost savings in subsequent years of the lease.

## KEY ISSUES AND IMPACTS

### Lease Terms

- 1) 5-year Term
- 2) \$10,000 per month rent (last year \$10,867)/ \$120,000 annually
- 3) 3% annual increase (last year 5%)
- 4) Two 5-year Options to Renew (City discretion)
- 5) Expanded space includes use of East Tower & West Tower (last year West Tower only)

Term	Monthly Rent	Annual Rent	Annual Increase	Leased Space
3/2011 to 2/2012 Existing	\$10,867	\$130,404	5%	West Tower
3/2012 to 2/2013 Proposed	\$10,000	\$120,000	3%	East Tower & West Tower

The initial term of the extended lease is five years which will expire February 2017. The City has the option to extend the lease for an additional five years until 2022 and a second five-year option to extend to 2027. These options are at the City's discretion. The City may choose to elect to extend the lease every five years or choose to allow the lease to expire in 2017, 2022 or 2027.

Currently the City is paying \$10,867 to lease the West Tower on the rooftop of 1111 Broadway and the supporting equipment on a lower floor. Under the terms of the new extension, the City will pay less rent and have expanded lease space to use. The new extension, if approved, would have the City paying \$10,000 per month, and its rooftop space will expand to include a second tower (East Tower). This is a monthly savings of \$867 and an initial annual savings of \$10,404. Additionally the annual increase of 5% in the previous lease will be reduced to a 3% annual increase which will provide additional annual savings in the first year.

In order for the City to continue to utilize this site for city communications, public safety and emergency services, the City must enter into a new lease extension.

Item: \_\_\_\_\_  
Finance & Management Committee  
September 27, 2011

## PROJECT DESCRIPTION

This program supports Public Safety mission critical radio infrastructure that provides voice and data Citywide for public safety, emergency services and internal City communications

## SUSTAINABLE OPPORTUNITIES

**Economic:** This report and its requested actions do not provide any specific sustainable environmental opportunities.

**Environmental:** This report and its requested actions do not provide any specific sustainable environmental opportunities.

**Social Equity:** This report and its requested actions do not provide any specific sustainable social equity opportunities.

## DISABILITY AND SENIOR CITIZEN ACCESS

There is no impact on access for senior citizens or the disabled from this proposed action.

## RECOMMENDATION(S) AND RATIONALE

Staff recommends that the City adopt the Resolution authorizing the City Administrator to execute a five-year lease extension with two (2) five-year options to renew the existing lease for city-owned communications equipment located at 1111 Broadway, for an initial annual rent of \$120,000. The telecommunications antenna and equipment located at 1111 Broadway are needed for emergency services and city information management. The negotiated lease extension provides the City with more space plus an annual lease rental savings of more than \$40,000 per year going forward; and, allows the City to continue with these needed telecommunications services which would be difficult to duplicate at a different location.

## ALTERNATIVE RECOMMENDATION

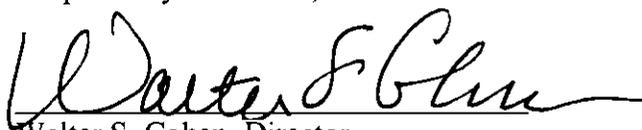
The alternative to execute a five-year lease extension with two (2) five-year options to renew the existing lease for city-owned communications equipment located at 1111 Broadway, for an initial annual rent of \$120,000, is to allow the lease to expire and transition the telecommunications services to another location within downtown. The estimated cost to the City to remove the existing equipment and reinstall it at another location is approximately

\$200,000. Additionally, as noted above, 1111 Broadway is the tallest building in downtown Oakland and was selected for this reason. A move to another building may result in diminished telecommunication services and signal strength, including public safety and emergency services.

**ACTION REQUESTED OF THE CITY COUNCIL**

The City Council is requested to adopt the Resolution authorizing the City Administrator to execute a five-year lease extension with two (2) five-year options to renew the existing lease for city-owned communications equipment located at 1111 Broadway, for an initial annual rent of \$120,000.

Respectfully submitted,



Walter S. Cohen, Director  
Community and Economic Development Agency

Reviewed by: Gregory Hunter, Deputy Director  
Community and Economic Development Agency

Reviewed by: Ken Gordon, Interim Director  
Department of Information Technology

Reviewed by: Ahsan Baig, Division Manager,  
Public Safety Services, Department of Information Technology

Reviewed by: Frank Fanelli, Manager  
Real Estate Services Division

Prepared by: John Monetta  
Program Analyst III

APPROVED AND FORWARDED TO  
FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Administrator

Item: \_\_\_\_\_  
Finance & Management Committee  
September 27, 2011

2011 SEP 15 PM 1:10

Approved as to Form and Legality

  
for City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S.

---

**CITY RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A FIVE YEAR LEASE EXTENSION WITH TWO (2) FIVE YEAR OPTIONS TO RENEW THE EXISTING LEASE FOR CITY OWNED COMMUNICATIONS EQUIPMENT LOCATED AT 1111 BROADWAY, WITH OCC VENTURE, LLC, A DELAWARE LIMITED LIABILITY COMPANY, FOR AN INITIAL ANNUAL RENT OF \$120,000 AND A 3% INCREASE EACH YEAR THEREAFTER**

**WHEREAS**, the City currently leases space at 1111 Broadway for city-owned public safety mission critical radio communications equipment, including dish antennas and microwave backhaul equipment and supporting equipment to provide city communications, microwave backhaul, public safety radios and emergency services;

**WHEREAS**, the current 1111 Broadway will expire February 28, 2012, and the City needs to extend the lease or remove the mission critical radio equipment and supporting equipment from the leased premise; and

**WHEREAS**, the City's Information Technology Department requires a site for emergency services and internal City information services and it selected this site because of its location and size; and

**WHEREAS**, the City's Information Technology Department and Real Estate Services Division believe other sites in Oakland would be inferior to this site and estimate removal of the existing telecommunications antenna and equipment, and relocation to a new site, would cost the City approximately \$200,000; and

**WHEREAS**, the OCC Venture, LLC, a Delaware limited liability company, is the owner of 1111 Broadway and has agreed to enter into and execute a five-year lease extension with two (2) five-year options with the City with an initial annual rent of \$120,000 and a 3% increase each year thereafter; and

**WHEREAS**, the funding for this lease extension is available from Department of Information Technology's Radio/Telecommunications Fund (4200); now, therefore, be it

**RESOLVED:** That the City hereby authorizes the City Administrator to execute a five-year lease extension with two (2) five-year options to renew the existing lease for City-owned telecommunications equipment located at 1111 Broadway, with OCC Venture, LLC, a Delaware limited liability company, for an initial annual rent of \$120,000 and a 3% increase each year thereafter, and be it

**FURTHER RESOLVED:** That funds will be allocated from Department of Information Technology's Radio/Telecommunications Fund (4200) for this purpose, and be it

**FURTHER RESOLVED:** That the City has independently reviewed and considered this environmental determination, and the City finds and determines that this action complies with CEQA because this action on the part of the City is exempt from CEQA under Section 15061(b)(3) (activity covered by the general rule, no significant effect on the environment) and Section 15183 (projects consistent with the General Plan), of the CEQA Guidelines; and be it

**FURTHER RESOLVED:** That the City Administrator or her designee is hereby authorized to negotiate and execute all agreements and to take whatever other action is necessary with respect to this lease, consistent with this Resolution and its basic purposes; and be it

**FURTHER RESOLVED:** That City Attorney shall review and approve all documents and agreements related to this lease as to form and legality, and a copy of the lease shall be placed on file with the City Clerk.

IN CITY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_

PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, KERNIGHAN, NADEL, SCHAAF, DE LA FUENTE, BROOKS, KAPLAN, AND PRESIDENT REID

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
LATONDA SIMMONS  
City Clerk and Clerk of the Council of  
the City of Oakland, California