

- **Board of Directors**
Business and Finance Committee

December 9, 2008 Board Meeting

7-1

Subject

Authorize agreement with ATS Communications to develop a Telecommunications Lease Master Plan, and negotiate and manage telecommunications leases

Description

Metropolitan's current approach to telecommunications leases is to evaluate requests as they come in—staff does not actively market potential telecommunications sites. If the request does not interfere with the operations and maintenance of Metropolitan's facilities, staff will negotiate and execute leases. There are presently 56 telecommunications leases generating revenues just under \$450,000 per year, although the potential exists for a greater revenue stream. However, Metropolitan does not have sufficient staff or expertise to develop a Telecommunications Lease Master Plan and actively market possible sites to telecommunications companies.

In an effort to enhance revenue generation from telecommunications leases, staff advertised RFP 863 in August 2008, seeking a consultant to develop a Telecommunications Lease Master Plan, and negotiate and manage future telecommunications leases. One proposal was received in October 2008 from ATS Communications, a firm located in Lake Forest, CA. ATS Communications has been engaged by numerous public agencies and cities to provide similar services, including: Inland Empire Utilities Agency, Orange County Water District, Trabuco Water District, and the cities of Santa Ana, Mission Viejo, Orange, Tustin, and San Clemente.

In exchange for developing a Telecommunications Lease Master Plan for Metropolitan, and negotiating and managing all future telecommunications leases, ATS Communications would receive 25 percent of the lease revenue for all new leases, and 25 percent of the rent increases for all renegotiated leases. There would be no upfront costs to Metropolitan—ATS Communications would not receive any compensation until leases were executed and generating revenue. The proposed agreement term is five years. Metropolitan would retain the sole right to approve or reject ATS Communications' recommendations. Telecommunications sites will not be located within secure operational area nor in right-of-way that could potentially interfere with operations and maintenance of Metropolitan's critical infrastructure. Finally, Metropolitan also retains the right to terminate with a 30-day notice for any reason. Staff recommends entering into an agreement with ATS Communications to develop a Telecommunications Lease Master Plan, and negotiate and manage telecommunications leases. There is limited downside for Metropolitan, with the potential to significantly enhance revenue generation through additional telecommunications leases.

Policy

Metropolitan Water District Administrative Code: Division VIII, Chapter 2, Article 3, Management of Real Property

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action to issue a contract for the preparation of a master telecommunications plan and management of any potential future leases is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). Also, the proposed action is not subject to CEQA because it involves other government fiscal

activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines). If and when any projects (i.e., new leases) are proposed under the master lease, they will be separately reviewed for CEQA compliance and thus future action under the telecommunication plan, if any, is contingent on further CEQA review. Accordingly, execution of a contract for preparation of a master telecommunications plan is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and authorize the General Manager to enter into an agreement with ATS Communications to develop a Telecommunications Lease Master Plan, and negotiate and manage telecommunications leases.

Fiscal Impact: Undetermined, will be estimated following the development of the Telecommunications Lease Master Plan.

Business Analysis: Potential to enhance revenues from telecommunications leases with marketing of existing and additional sites

Option #2

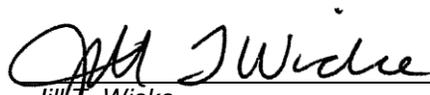
Do not authorize the General Manager to enter into an agreement with ATS Communications.

Fiscal Impact: None

Business Analysis: Staff will continue practice of responding to requests only, potentially forgoing opportunities to enhance telecommunications lease revenues.

Staff Recommendation

Option #1



Jill J. Wicke
Manager, Real Property Development

11/24/2008
Date



Jeffrey Knightlinger
General Manager

11/25/2008
Date