

Agenda Report



MEETING DATE: Tuesday, July 9, 2024

TO: City Council

FROM: INNOVATION & TECHNOLOGY DIRECTOR GILL
SENIOR ADMINISTRATIVE ANALYST ZAVALA

SUBJECT: RESOLUTION APPROVING LICENSE AGREEMENT WITH CRUZIO
FOR USE OF ANTENNA SPACE LOCATED AT 275 MAIN STREET

RECOMMENDED ACTION:

Staff recommends the City Council adopt a resolution approving a five (5) year license agreement, with three five-year options to extend, of wireless antenna space on the roof top of Civic Plaza Penthouse located at 275 Main Street, to The Internet Store, Inc. DBA Cruzio, Cruzio Internet, Cruzio works, Cruzio Media and Santa Cruz Fiber; authorizing the Interim City Manager to execute the License Agreement and any Amendments thereto; and finding the action not subject to review under the California Environmental Quality Act.

BACKGROUND:

The City of Watsonville has been in a long agreement with The Internet Store, Inc., a California corporation, d/b/a Cruzio, Cruzio Internet, Cruzio works, Cruzio Media and Santa Cruz Fiber, since 2011.

Currently the City holds a trade agreement with Cruzio entered upon on 12/06/2016 in which Cruzio provides the City with a 1 gbps internet service at its Civic Plaza in return for use of antenna space at the Civic Plaza Penthouse roof space and rack space at its data center. It also allows Cruzio the option to set up equipment in the City's communications tower located at Fire Station 2. The City and Cruzio also hold a 10 year "Site Contract" that also duplicates Cruzio's use of the Penthouse rooftop and Fire Station 2 tower and data center set to expire on 12/31/2026.

DISCUSSION:

The current trade and site agreement have overlapping terms and do not clearly establish each party's rights and responsibilities. The proposed license agreement will terminate and replace both agreements. Establishing a market rate for the use of the City's space that follows the State of California telecom lease rate guidelines while also allowing the City to purchase services from Cruzio as needed at market rate.

This would also allow the Airport the opportunity to enter into it's own agreement with Cruzio for use of the Fire Station 2 tower at a future date.

Key terms proposed:

- 5-year license agreement with 3 five-year options to extend.
- \$21,373.00 annual license fee.
- Annual increase to reflect the State of California telecom lease rate guidelines
- Every 5 years the annual rate will be adjusted to market rate as per the State of California telecom lease rate guidelines.
- This new license agreement will terminate both existing Trade and Site agreements.

California Environmental Quality Act (CEQA):

Approval of the License agreement with The Internet Store, Inc., a California corporation, d/b/a Cruzio, Cruzio Internet, Cruzeiworks, Cruzio Media and Santa Cruz Fiber does not meet CEQA's definition of a "project," because the action does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Additionally, any installation of the wireless equipment would be exempt from review under CEQA Guidelines section 15303 (Class 3-New Construction).

STRATEGIC PLAN:

3-Infrastructure & Environment - This assignment is consistent with Strategic Plan objectives of improving and maintaining our infrastructure.

FINANCIAL IMPACT:

The License agreement would provide annual revenue of \$21,373.

ALTERNATIVE ACTION:

Alternatives include not approving the license agreement.

ATTACHMENTS AND/OR REFERENCES (If any):

None