



Staff Report

File #: REPORT 18-0618, Version: 1

Honorable Mayor and Members of the Hermosa Beach City Council
Regular Meeting of October 9, 2018

**MEMORANDUM OF UNDERSTANDING (MOU) WITH RTI
INTERNATIONAL FOR USE OF CITY PROPERTY TO INSTALL
A 5TH AND 6TH SUBSEA FIBER-OPTIC CABLE SYSTEM**
(Community Development Director Ken Robertson)

Recommended Action:

Staff recommends that the City Council approve the attached MOU with RTI Infrastructure Incorporated (RTI-I) setting forth a mutual understanding regarding the basic terms of an offer to amend an easement for use of City property allowing for two additional subsea Fiber-Optic Cable Systems, the 5th and 6th to be installed by RTI-I.

Background:

The City has previously granted an easement to RTI-I for up to four subsea fiber optic cable systems and associated facilities. RTI-I has applied to install up to two more subsea cables, landing at 6th Street. RTI-I has requested that the City enter into an understanding on basic lease terms at this stage in the process, so they can proceed with the application and environmental review process. The project would be similar to the fiber optic cable installations completed by RTI-I in 2017 that landed at 25th Street and Longfellow Ave.

The easement for use of City property will not be executed until the environmental review process is complete and discretionary permits are issued for the project.

The Council has tentatively agreed for payment terms that include a \$475,000 up-front lump sum payment (\$275K for use of the beach and City rights of way, plus \$200K for tidelands and submerged lands) plus \$75,000 annually for the beach and City rights of way, for each cable landing upon its operational date. Additionally, the offer includes a one-time \$75,000 payment for each cable in support of a City "green initiative". The payment structure involves payments as each cable becomes operational. The negotiated terms for the MOU are attached.

This MOU sets forth the general understanding of the parties with respect to the terms of the offer that RTI-I has made to the City. Prior to accepting RTI-I's offer and agreeing to grant the requested easement, the project will require environmental review as required by the California Environmental Quality Act (CEQA), a discretionary permit from the City (Planned Development Permit/Precise

Development Plan) and construction permits, as well as approvals from the Coastal Commission. Following the review process, the City is free to accept or reject RTI-I's offer.

General Plan Consistency:

PLAN Hermosa, the City's integrated General Plan and Coastal Land Use Plan, was recently adopted in August 2017. Entering into this MOU will generate general fund revenue and earmark some additional funding for green initiatives. In addition, it will allow a global company to use City property to enhance its global and regional telecommunication network with only short-term impacts to the beach and City streets/rights of way. The recommended action to enter into the MOU will therefore support and be consistent with the following policies in the Governance, Infrastructure, and Sustainability and Conservation Elements:

- GOV 5.5 Community benefits. Consider incentives for new development that provides a substantial economic benefit to the community such as retail sales taxes, transient occupancy taxes or higher-paying jobs. Prohibit the provision of incentives that outweigh the direct benefits from new development.
- INFRASTRUCTURE 7.1 Accommodate future technologies. Encourage telecommunications providers and building developments to size infrastructure and facilities to accommodate future expansion and changes in the need for technology.
- SUSTAINIBILITY AND CONSERVATION (related to funding for "green initiatives"):
 - 1.4 City leadership. Create a culture of leadership, innovation, and ingenuity to implement creative and cost-effective greenhouse gas reducing projects for City facilities and operations.
 - 1.5 Seek grant funding. Support implementation of greenhouse gas reduction projects through the use of grant funding, rebates, and other incentive opportunities
 - 2.3 Grants and incentives. Seek additional sources of funding to support implementation of greenhouse gas reduction projects for the City, as well as residents and businesses.
 - 4.6 Local partnerships. As a lead agency, partner with local businesses and organizations in an effort to secure grants and incentives that facilitate energy efficiency and renewable energy production.

Fiscal Impact:

Approving the MOU will enable RTI-I to begin their permitting process, and ultimately create revenue for the City by leasing City property. When these cables become operational, the revenue will include general revenue, Tidelands Fund revenue, and revenue to support green initiatives.

Attachments:

1. Memorandum of Understanding including Exhibit A.
2. Project Exhibit

Respectfully Submitted by: Ken Robertson, Community Development Director

Noted for Fiscal Impact: Viki Copeland, Finance Director

Legal Review: Mike Jenkins, City Attorney

Approved: Suja Lowenthal, City Manager