



STAFF REPORT – CITY COUNCIL MEETING

TO: Honorable Mayor and City Council Members

FROM: Emily Sinkhorn, Director of Environmental Services

PREPARER: Brigitte Price, Administrative Specialist

DATE: March 12, 2025

TITLE: **Approve a Lease Agreement with Vero Fiber Networks, LLC, for Communications Equipment at Larson Park (Assessor’s Parcel No. 505-051-002); and Authorize the City Manager to Execute All Applicable Documents.**

RECOMMENDATION:

It is recommended that the Council:

- 1) Approve a lease agreement with Vero Fiber Networks, LLC, for communications equipment at Larson Park (Assessor’s Parcel No. 505-051-002); and
- 2) Authorize the City Manager to execute all applicable documents.

INTRODUCTION:

City staff and Vero Fiber Networks, LLC, (Vero) have agreed upon Larson Park as the appropriate location for the installation of the communication provider’s headend site, specifically in the northwest corner of the park near the parking lot. This site was chosen because of its existing PG&E electrical service and, once constructed, it will have no impact on public access or City operations. This lease will require Vero to pay rent for use of the space and, for the first five years, Vero will compensate the City for the equipment’s electricity usage via the City’s PG&E service. The lease also stipulates that within the first five years, Vero must obtain its own PG&E service connection and separate from the City’s connection.

BACKGROUND/DISCUSSION:

The City considers potential utility leases and encroachments within City rights-of-way and property that would provide a public benefit to the Arcata community without compromising public access.

The City was approached by Vero Fiber Networks in the summer of 2024 regarding their search for a potential headend site for their fiber communications equipment with an existing connection to PG&E electrical service. A headend site serves as a hub within a fiber optic network to distribute data to end users, and in this instance is proposed to be located on a 10’ by 16’ concrete pad.

The installation of new fiber optic infrastructure and communications equipment will help create service redundancy within the Arcata community and make progress towards creation of a new option for fiber internet and phonelines to homes and businesses. The addition of new utility service

providers helps promote healthy competition for other providers of internet and phone services within the greater Arcata area.

As additional fiber redundancy in our local area would provide a public benefit to the Arcata community, City staff suggested several potential City properties to consider for Vero's headend installation. Staff considered several City properties for feasibility and to ensure no impact on City operations or public access and eventually determined that a small corner of Larson Park may be best suited for a potential headend site location.

The proposed location for the headend site for Vero's communications equipment at Larson Park is in the northwest corner of the park between the parking lot and Grant Avenue, as detailed in the attached Site Plan. The proposed communications equipment includes a breaker panel and cabinet, a cable vault, and generator for emergency power during power outages mounted on a 10' by 16' concrete pad.

The proposed location does not impinge upon park user access to the main amenities at Larson Park, including tennis courts, a playground, a gazebo and bocce ball courts. Temporary impacts will result during construction and the City will work with the lessee to ensure access to the park is retained throughout construction of the communications equipment.

The City has a separate encroachment permit with Vero Fiber Networks for installation of fiber connectivity in the City's rights-of-way for the purpose of connecting to potential customers through service agreements. Vero would pursue a separate encroachment permit for this headend site installation for the work proposed within the Grant Avenue right-of-way to tie into the equipment proposed for this lease.

BUDGET/FISCAL IMPACT:

The lease will generate an appropriate amount of revenue for the City without creating additional expenses for our Parks Division. The lessee would cover all costs for installation and maintenance of its communications equipment within the lease area. The lease includes a monthly rent payment with an annual Consumer Product Index (CPI) adjacent. The lease details that for the first five years of the lease term, the City will provide electrical service access to Vero's equipment via the City's existing PG&E electrical service. Vero will compensate the City for these utility services on a monthly basis paid in addition to the rent, and a true-up payment after five years will ensure commensurate compensation for electricity used by Vero's equipment. The lease also stipulates that within the first five years, Vero must obtain its own PG&E service connection and separate from the City's connection.

Revenue from the lease rent and electrical service compensation will be deposited under General Fund Revenue Account 101-00-00-44220 – Rents & Leases – City Parks.

ATTACHMENTS:

- A. Vero Lease with Site Plan