

COUNCIL ACTION FORM

SUBJECT: AMENDMENT TO AGREEMENT WITH SPRINT FOR CELLULAR ANTENNA ON BLOOMINGTON ROAD WATER TOWER

BACKGROUND:

In 2006, Sprint Spectrum L.P. entered into an agreement with the City to place cellular antennas atop the BRET water tower at 2521 Bloomington Road. Sprint currently pays \$1,380 in monthly rent for lease of the space. Earlier this year, Sprint indicated to City staff that it was interested in doubling the number of antennas on the water tower to provide 4G capability.

BRET has limited space to accommodate wireless carriers. Because Sprint has existing infrastructure in place at this site, it is able to place additional antennas adjacent to the existing antennas on top of the water tower. Other wireless carriers would likely not be able to place equipment on top of the tower without causing interference, meaning that Sprint and T-Mobile (the other existing user of the tower) are effectively the only two wireless carriers who could expand their presence on the tower. After discussions with Sprint, City staff believes that doubling the rent payment to \$2,760 per month is appropriate consideration for increasing Sprint's presence on the water tower. Sprint has agreed to that condition and has signed a contract amendment reflecting that rent increase.

City staff has reviewed Sprint's technical drawings and finds them acceptable. As with the original agreement, Sprint is responsible for all costs associated with installation—the City's obligations are limited primarily to providing access for installation to occur.

The existing agreement is in its first renewal term. It automatically renews every five years, until 2036. The agreement calls for the rent to be increased by 15% (or the CPI, whichever is greater) every five years. The next increase will occur in 2016, and with this amendment the total rent will be a minimum of \$3,174 per month.

ALTERNATIVES:

1. Approve the contract amendment with Sprint Spectrum to allow the installation of additional antennas on the BRET water tower in exchange for doubling the rental payments to \$2,760 per month.
2. Direct staff to negotiate other rental terms with Sprint.
3. Do not approve the contract amendment.

MANAGER'S RECOMMENDED ACTION:

Sprint Spectrum has an existing agreement to have equipment on the BRET water tower. It has the opportunity to locate additional equipment on the water tower in space that would not be usable to other carriers. Sprint has agreed to double its rental payments for the use of the space.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the contract amendment with Sprint Spectrum to allow the installation of additional antennas on the BRET water tower in exchange for doubling the rental payments to \$2,760 per month.