

COUNCIL ACTION FORM

**SUBJECT: AMENDMENT TO LEASE AGREEMENT FOR CELLULAR ANTENNA
AT HOMEWOOD GOLF COURSE**

BACKGROUND:

TowerCo IV, LLC leases a portion of the property at Homewood Golf Course for a cellular antenna. An agreement for this antenna has been in place since 1996. The lessee's interest in the antenna has been transferred several times through the years, and TowerCo is the current lessee of the site. Because Homewood Golf Course is operated by the City as an enterprise, revenues from the cellular antenna accrue to the golf course operation. This lease provides the golf course with approximately \$32,600 in rental revenue annually. The lease is set to renew automatically every five years until its conclusion in December 2026.

TowerCo has requested that the lease be extended for five additional five-year renewal terms, thereby causing the lease to ultimately expire in December 2051. Because this lease is for a term longer than three years, a public hearing is required.

As negotiated by City staff, the majority of the existing lease terms would remain as-is in this amended lease. The base rent would increase by 15% every five years, as the existing terms require. Additionally, the lessee would continue to divide any sublease revenue equally with the City.

City staff is satisfied with the current lease arrangement. Based on surveys of other cellular leases with local government entities and the City's other leases, the rental terms for this location are very favorable to the City. City staff believes the location of the antenna on the golf course property is unlikely to conflict with any future plans the City may have for the property.

In exchange for the extension of the lease, City staff has requested and TowerCo has agreed to the following additional lease amendments:

1. If the City determines the access/utility easement to the antenna facility is in conflict with the City's plans for the property, the City may require the easement to be relocated one time during the life of the lease, at the City's expense.
2. The City may install on the antenna, at its expense, equipment to provide high speed internet access to the property. The City will not be charged rent for this.

3. TowerCo will replace the existing chain link fence around the antenna with a fence compliant with the current zoning code (opaque fence made of wood)

ALTERNATIVES:

1. Set August 22, 2017 as the date of public hearing for a lease agreement amendment with TowerCo IV, LLC, for a cellular antenna at the Homewood Golf Course.
2. Do not set a public hearing date for this lease amendment.

CITY MANAGER'S RECOMMENDED ACTION:

The City has had a beneficial arrangement for this cellular antenna at the Homewood Golf Course for the 20 years it has been in place. The original lease provided for paving the golf course parking lot, and the monthly rent helps ensure a positive fund balance for the golf course operation. In exchange for extending the lease timeframe, additional benefits and assurances have been secured for the City. Since the lease agreement has a term longer than three years, a public hearing is now required for the City to modify the agreement.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby setting August 22, 2017 as the date of public hearing for the lease agreement amendment with TowerCo IV, LLC, for the cellular antenna at Homewood Golf Course.