

COUNCIL ACTION FORM

SUBJECT: AMENDMENT TO LEASE WITH T-MOBILE CENTRAL LLC FOR CELLULAR ANTENNAS ON BRET WATER TOWER

BACKGROUND:

In 1996, the City entered into an agreement to lease space on the BRET water tower (2521 Bloomington Rd) to Western Wireless. Through a series of reorganizations, the lease is currently held by T-Mobile Central, LLC. The lease is currently in its final five-year renewal term, and is set to expire on December 31, 2026. **T-Mobile has requested an amendment to provide for ten additional five-year renewal terms beginning January 1, 2027.**

The rent received by the City under the agreement is currently \$2,011.36 per month. Under the existing lease, the rent charged to T-Mobile increases by 15% or the change in the Consumer Price Index (CPI) during the previous five-year term, whichever is greater. For the amended lease, T-Mobile requested to eliminate the CPI provision, leaving the rent to increase by the fixed 15% every five years.

Since the lease was signed in 1996, the CPI has never exceeded 15% in any of the five-year renewal terms, and therefore rent has only increased by the fixed 15% each time. However, the CPI is on track to exceed 15% over the five-year period coinciding with the end of the current renewal term (estimated to be between 15% and 20%).

Despite the CPI provision not being frequently exercised, City staff believes it is an important protection. **In response to City staff's concerns, T-Mobile has agreed to retain the 15% or CPI provision for rent increases, but an increase related to CPI would be capped at 20%. Based on the City's experience with this provision, City staff is recommending accepting this modification.**

No other substantive provisions of the lease are modified with the proposed lease amendment. The original lease and amendment are attached for the City Council's review.

ALTERNATIVES:

1. Approve the attached fourth amendment to the tower lease with T-Mobile Central LLC.
2. Do not approve the lease amendment, and allow the lease to expire on December 31, 2026.
3. Refer this item to staff for further information.

CITY MANAGER'S RECOMMENDED ACTION:

T-Mobile has maintained equipment on the BRET Water Tower for nearly 30 years. The original lease is set to expire at the end of 2026. The proposed amendment would extend the lease largely unchanged from the current provisions. The rent escalation term in the proposed lease contains a minor modification that caps T-Mobile's exposure to rent increases. However, based on past experience, staff believes the revised rent cap provisions still afford the City acceptable compensation for the use of the water tower. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.

ATTACHMENT(S):

[Existing BRET Tower Lease - TMobile.pdf](#)

[DM01170E Fourth Amendment - T-Mobile Central - IA - FINAL 2.pdf](#)