



AGENDA ITEM #: 17-49
COUNCIL MTG OF: April 18, 2017
FROM: Dave Caron, Town Administrator
OFFERED BY: Administration
PREPARED BY: Dave Caron, Town Administrator
SUBJECT: Cell Tower Lease Extension

STAFF REPORT
Public Hearing 5-16-17

INTRODUCTION: The Town is currently leasing a site on Kendall Pond Road for a cell tower owned by Crown Castle. Crown Castle has approached the Town requesting a lease extension; the lease is currently set to expire in 2022.

TOWN ADMINISTRATOR COMMENTS

See recommended action, below.

BACKGROUND

The Town leased the site in 1997 to Omnipoint Communications; as is commonplace in that industry, ownership has changed several times, with all subsequent owners required to fulfill the terms of the original site lease. Crown Castle has approached the Town seeking to extend the lease term; as represented to the Town and verified by the Town's Communications attorney, cellular providers seek stability in their coverage areas and favor long-term leases. Currently, Crown Castle owns two towers on Kendall Pond Road immediately adjacent to one another.

DISCUSSION

Staff and Counsel have reviewed the current lease, in context to both market rates and characteristics unique to this site, particularly with a second tower immediately adjacent to the subject tower. Due to this site's characteristics, the economics are relatively modest, but appropriate given the circumstances. Currently, the tower is occupied by one major carrier, with a secondary carrier scheduled to vacate the site in October, 2019 as it has been purchased by the major carrier. We have reviewed the economics of the site and recommend extending the lease until 2042 (four, five-year renewal terms).

FISCAL IMPACT

Currently, the Town receives \$1,332.82 per month from the site owner, and \$334.46 per month from one co-locator until October, 2019. Additionally, the base rent is increased by changes in the Consumer Price Index, and the Town receives 25% of rent from sub-tenants.

It is recommended that the lease on the site be extended until 2042; in exchange, the base rent on the site will increase by 3% per year, the Town will receive 40% of the rent received from future sub-tenants, and the Town will receive a one-time payment of \$17,000, payable within sixty days after execution of the lease amendment.

RECOMMENDED ACTION BY COUNCIL

Staff recommends that the Town Council approve the attached Resolution.