



MEMORANDUM

**DATE:** September 18, 2023

**TO:** Honorable Mayor and City Councilmembers  
Dave Perrault, City Administrator

**FROM:** David Swearingen, P.E. Public Works Director / City Engineer

**SUBJECT:** T-Mobile South Tower Site Use Lease Agreement Amendment (Antenna Lease)

Budgeted Amount:	Actual Amount:	Funding Source:
\$20,987.50 (2024)	\$20,987.50 (2024)	General Fund

**Council Should Consider**

Motion to approve, table, or deny the following:

- First Amendment to Site Use Agreement for T-Mobile.

**Background**

The City of Arden Hills entered into a Site Use Lease Agreement (Attachment A) with T-Mobile Central LLC (previously referred to as APT) on April 27, 2000 for cell antenna equipment located at the City’s South Water Tower at 1230 Red Fox Road. The agreement established a monthly lease rate of \$1,000, with an adjustment of 15 percent every 5 years. The agreement expires at the end of April 2025.

T-Mobile’s real estate agent contacted the City to request renegotiation of the current lease at the South Water Tower. T-Mobile refused to renew the agreement at the base rent as it will be in 2025 and has provided two proposals as seen in the tables below. The current lease rate is extended in the table for comparison.

The City Attorney reviewed the amendment document (Attachment A) with T-Mobile and had no concerns with the language as written. The dollar amount shown in Attachment A was T-Mobile’s original ask and should be ignored, the proposed base rents for negotiation are shown below in the tables. The proposed lease agreement amendment would extend for 25 years to 2050.

Additional information Council should be aware of, there is an existing Sprint antenna lease agreement for the South Tower. T-Mobile has recently merged with Sprint. The Sprint site is still active, it has a final lease end date of 12/31/2044. The terms of the Sprint lease are an annual increase of 4%, the lease rate for 2024 is expected to be \$48,848.06. As of right now, City staff is not aware of any changes related to the Sprint lease agreement but staff has assumed a decrease of \$30,780 to the budget for 2024 related to this merger.

**Budget Impact**

Below are tables that represent the current lease agreement with T-Mobile and the proposal from T-Mobile:

**Current Lease (Expires 2025)**

	<u>Prior Year</u>	<u>15% increase</u>	<u>Current Year</u>	<u>Monthly</u>
2019	\$18,250.00		\$18,250.00	\$1,520.83
2020	\$18,250.00	\$2,737.50	\$20,987.50	\$1,748.96
2021	\$20,987.50		\$20,987.50	\$1,748.96
2022	\$20,987.50		\$20,987.50	\$1,748.96
2023	\$20,987.50		\$20,987.50	\$1,748.96
2024	\$20,987.50		\$20,987.50	\$1,748.96
2025	\$20,987.50	\$3,148.13	\$24,135.63	\$2,011.30
2026	\$24,135.63		\$24,135.63	\$2,011.30
2027	\$24,135.63		\$24,135.63	\$2,011.30
2028	\$24,135.63		\$24,135.63	\$2,011.30
2029	\$24,135.63		\$24,135.63	\$2,011.30

**T-Mobile Proposal #1** Starting base rent at \$1600

	<u>Prior Year</u>	<u>15% increase</u>	<u>Current Year</u>	<u>Monthly</u>
2025	\$20,987.50		\$19,795.84	New rate effective 5/1/25
2026	\$19,200.00		\$19,200.00	\$1,600.00
2027	\$19,200.00		\$19,200.00	\$1,600.00
2028	\$19,200.00		\$19,200.00	\$1,600.00
2029	\$19,200.00		\$19,200.00	\$1,600.00
2030	\$19,200.00	\$2,880.00	\$22,080.00	\$1,840.00
2031	\$22,080.00		\$22,080.00	\$1,840.00
2032	\$22,080.00		\$22,080.00	\$1,840.00
2033	\$22,080.00		\$22,080.00	\$1,840.00
2034	\$22,080.00		\$22,080.00	\$1,840.00
2035	\$22,080.00	\$3,312.00	\$25,392.00	\$2,116.00
2036	\$25,392.00		\$25,392.00	\$2,116.00
2037	\$25,392.00		\$25,392.00	\$2,116.00
2038	\$25,392.00		\$25,392.00	\$2,116.00
2038	\$25,392.00		\$25,392.00	\$2,116.00
2038	\$25,392.00	\$3,808.80	\$29,200.80	\$2,433.40

<b>T-Mobile Proposal #2</b>		Starting base rent at \$1,725 and put stay on escalator to 2035		
	<u>Prior Year</u>	<u>15% increase</u>	<u>Current Year</u>	<u>Monthly</u>
2025	\$20,987.50		\$20,795.84	New rate effective 5/1/25
2026	\$20,700.00		\$20,700.00	\$1,725.00
2027	\$20,700.00		\$20,700.00	\$1,725.00
2028	\$20,700.00		\$20,700.00	\$1,725.00
2029	\$20,700.00		\$20,700.00	\$1,725.00
2030	\$20,700.00		\$20,700.00	\$1,725.00
2031	\$20,700.00		\$20,700.00	\$1,725.00
2032	\$20,700.00		\$20,700.00	\$1,725.00
2033	\$20,700.00		\$20,700.00	\$1,725.00
2034	\$20,700.00		\$20,700.00	\$1,725.00
2035	\$20,700.00	\$3,105.00	\$23,805.00	\$1,983.75 Escalator effective 5/1/35
2036	\$23,805.00		\$23,805.00	\$1,983.75
2037	\$23,805.00		\$23,805.00	\$1,983.75
2038	\$23,805.00		\$23,805.00	\$1,983.75
2038	\$23,805.00		\$23,805.00	\$1,983.75
2038	\$23,805.00	\$3,570.75	\$27,375.75	\$2,281.31

**Attachments**

Attachment A: T-Mobile Site Lease Agreement and Amendment