



Approved: January 11, 2021

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**CITY OF ARDEN HILLS, MINNESOTA  
SPECIAL CITY COUNCIL WORK SESSION MEETING  
NOVEMBER 23, 2020  
5:45 P.M. - ARDEN HILLS CITY COUNCIL CHAMBERS**

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**CALL TO ORDER/ROLL CALL**

Pursuant to due call and notice thereof, Mayor Pro-Tem Holden called to order the City Council Work Session meeting at 5:45 p.m.

*Note: On March 20<sup>th</sup>, the Mayor signed a determination allowing Councilmembers to participate in City Council meetings via telephone pursuant to State Statute 13D.021*

**Present:** Mayor David Grant (joined the meeting at 5:48 p.m.); Councilmembers Brenda Holden, Fran Holmes, Dave McClung and Steve Scott

**Absent:** None

**Also present:** City Administrator Dave Perrault; Public Works Director/City Engineer Todd Blomstrom; Finance Director Gayle Bauman; City Clerk Julie Hanson and City Attorney Joel Jannik; **via telephone** Community Development Manager/City Planner Mike Mrosła

**1. AGENDA ITEMS**

**A. AT&T North Water Tower Antenna Lease**

**Public Works Director/City Engineer Blomstrom** stated the City of Arden Hills entered into a Site Use Lease Agreement with AT&T (New Cingular Wireless PCS, LLC) on April 2014 for cell antenna equipment located at the City's North Water Tower at Cummings Park. The agreement established an annual lease rate of \$33,000, with an annual adjustment of 4 percent. The lease agreement was amended on July 2015 to provide additional ground lease space to house an emergency power generator.

**Public Works Director/City Engineer Blomstrom** reported the amendment added \$4,800 to the annual lease rate, with a 4 percent annual adjustment. The 4 percent annual adjustment to the lease rates described above result in a current 2020 site lease rate of \$47,595 for AT&T installations at the North Water Tower site. The lease is in the second 5- year renewal term and is eligible for four more 5-year extensions through the year 2044. AT&T has contacted the City to request

renegotiation of the current lease at the North Water Tower. AT&T requests the following changes to the terms of the lease agreement:

1. Decrease from 2021 lease rate of \$49,499 (2020 rate plus 4%) to an annual rate of \$38,400.00
2. Decrease from current 4 percent annual adjustment to a 12.5 percent adjustment every five year's commencing January 1, 2026.
3. Extension of lease from current sunset of December 31, 2044 to December 31, 2045.
4. Addition of new Permitted Use provision as outlined in the letter.

**Public Works Director/City Engineer Blomstrom** explained staff conducted a lease rate comparison with the cities of Roseville, Shoreview and New Brighton for cell tenant leases on water tower facilities, as provided in Attachment B. Lease rates generally range from \$28,549 to \$44,400 per year, with annual lease rate adjustments from 1.5 to 5 percent. AT&T has made substantial investments in their equipment at the North Water Tower over the past three years, which may result in challenges for them to terminate the lease and relocate to other facilities. However, AT&T claims there is a possibility they would consider relocation based on the terms and conditions of the existing site lease agreement. Staff commented further on the lease agreement and requested feedback from the Council on how to proceed.

**Councilmember Scott** questioned if all of the other antenna vendors have ground equipment.

**Public Works Director/City Engineer Blomstrom** stated AT&T was the one vendor with a ground generator.

**Councilmember Holden** inquired if there were any problems with the generator if this was a liability to the City.

**Public Works Director/City Engineer Blomstrom** reported the liability was with AT&T and not the City of Arden Hills.

**Councilmember Holden** stated she could support a small decrease to the lease contract, but not the decrease proposed by AT&T.

**Mayor Grant** commented he could support the City's rental rate coming down slightly as well, after reviewing the rates being charged by neighboring communities.

**Councilmember Holden** suggested the City consider moving forward with the rental rate proposed by AT&T with a 2.5% increase annually. She reported this would keep Arden Hills in the ballpark when compared to neighboring communities.

**Councilmember Scott** proposed the rental rate be set at \$40,000 per year with a 2.5% increase annually.

**Councilmember McClung** stated he was not excited about renegotiating a lease in the middle of the term. He recommended the lease be negotiated with the lease term was up.

**Councilmember Holmes** agreed with Councilmember McClung. She did not understand why the City was considering a renegotiation of the lease before the end of the five year term. She recommended the City renegotiate the lease at the end of the term.

**Councilmember Holden** reported she would rather renegotiate versus losing the lease altogether.

**Mayor Grant** asked if the Council could support \$40,000 with the 2.5% increase annually.

**Councilmember Holden** stated she could support this option.

**Mayor Grant** commented he could support the \$38,400.

**Councilmember McClung** indicated if this lease was left alone, the North Water Tower may be open up to another vendor.

**Councilmember Holden** asked if there was room on this water tower for another vendor.

**Public Works Director/City Engineer Blomstrom** stated there was additional room on this tower for another tenant.

Further discussion ensued regarding the AT&T lease agreement.

**Councilmember McClung** reiterated the fact that he did not like the fact that the Council was proposing to renegotiate a lease in the middle of the term and feared this could set a precedent. He believed it was not the City's responsibility to get them out of their current situation. Rather, this could be addressed at the end of the term of the current lease.

**Councilmember Holmes** asked when the current lease would expire.

**Public Works Director/City Engineer Blomstrom** reported the current lease term would expire on December 31, 2024. He noted AT&T was 11 months into the current lease.

**Councilmember McClung** questioned why AT&T had not brought their concerns to the City when the current lease was renegotiated.

**Public Works Director/City Engineer Blomstrom** stated he was uncertain. He reported the existing lease automatically renews if neither party requests a termination of the lease.

**Councilmember Scott** reviewed the staff memo stating the rental terms being offered by AT&T were well above market rate.

**Councilmember Holden** spoke to the cost of moving the cell tower equipment.

**Public Works Director/City Engineer Blomstrom** commented on how the escalators may be more important to AT&T than the actual yearly rental amount.

**Councilmember Scott** suggested the City counter with a rate of \$40,000 a year with an increase of 2.5% per year.

**Mayor Grant** reported staff could be directed to make this counter offer to AT&T.

**Councilmember Holden** supported the City leaving the yearly rental rate at \$49,000 with a lower escalator.

**Councilmember Holmes** stated she was not against talking to AT&T but suggested the change be conducted during the renewal time, versus mid-lease.

**Councilmember Holden** requested further information from staff on how the different rates would impact the lease period.

**Public Works Director/City Engineer Blomstrom** discussed how the proposed rental rates would compound and increase over the years.

**Mayor Grant** supported the Council providing staff the latitude to go back and negotiate with AT&T with the escalator between 3% or 4%. He reported there was some appetite for a lower yearly rental rate.

**Councilmember Holmes** did not support staff negotiating the terms in the middle of the lease. However, if this matter were going to move forward, she recommended the City's rate be more representative of the adjacent communities.

Council consensus was to direct staff to negotiate the lease with AT&T.

## **B. Clean Up Day Discussion**

**Community Development Manager/City Planner Mrosia** stated at its June 8, 2020 meeting, the City Council discussed hosting a citywide recycling event. At that time, the Council was in decided to postpone hosting a cleanup day until 2021 due to COVID-19 concerns. During the meeting staff discussed a "Clean Up Day" style drop-off event where the City could coordinate with Green Lights Recycling in Blaine to host a drop-off event at their facility. Residents would bring their materials to the recycler directly for a fee depending on the material. Green Lights Recycling would manage and operate the event. They currently host events for several cities at their facility. These cities include: Blaine, Anoka, Ham Lake, Fridley, Centerville, Lexington, and Spring Lake Park. It was noted that the option to host an offsite event in Blaine at Green Light would cost between \$3,000 and \$4,000. Staff commented further on the proposed Clean Up Day options and requested feedback from the Council on how to proceed.

**Councilmember Scott** supported the City holding a Clean Up Day in 2021.

**Councilmember McClung** suggested the Clean Up Day event be held mid to late 2021.

**Councilmember Holmes** agreed.

**Councilmember Holden** and **Mayor Grant** did not support the City holding a Clean Up Day event in 2021.

**Councilmember McClung** stated if the event was held later in 2021, there may be some semblance of normalcy.

**Councilmember Holden** commented she has not had any residents complaining to her about the City not having a Clean Up Day. For this reason, she recommended the City not pursue this event.

**Councilmember McClung** explained he has heard from several residents that would like to see an event held, but understood the reasons by it was canceled in 2020.

**City Administrator Perrault** questioned how much time was needed to plan a Clean Up Day.

**Community Development Manager/City Planner Mroska** reported the timeline with Green Light was more flexible than if an in-City event were held with Republic. He estimated Republic would need three to six months' notice, and Green Light would need two or three months' notice.

**City Administrator Perrault** suggested this item be brought back to the Council in March of 2021 for further consideration by the Council.

Council consensus was to direct staff to bring this item back to the Council in March 2021 for further consideration. The majority of the Council supported Green Light hosting the clean up day event.

## 2. COUNCIL COMMENTS AND STAFF UPDATES

None.

### ADJOURN

Mayor Grant adjourned the City Council Work Session meeting at 6:49 p.m.

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Julie Hanson  
City Clerk

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David Grant  
Mayor