

SUBJECT

BOARD RESOLUTION NO. 18-251

Pertaining to a lease agreement with Verizon Wireless (VAW) LLC d/b/a Verizon Wireless to provide for continued operation of telecommunications equipment at the Cottage Avenue Standpipe site located at 2095 Clear Avenue in Saint Paul.

BACKGROUND INFORMATION

The previous lease with Verizon is set to expire March 11, 2018. This proposed lease will effectively replace the previous, expiring lease and contains the following conditions:

1. Rent of \$54,500 per year with a 4% annual escalator.
Similar to the 2014 Verizon lease at Sterling, this rent amount and annual escalator was arrived at by a different manner than other Board leases. In 2007, the Board directed staff that rent for any new lease should be no less than the highest paid for a comparable installation on Board property. That rent amount for 2018 is \$48,985, with a 5% escalator and a 20-year term. As in 2014, Verizon is not willing to enter into a lease with a 5% annual escalator, but is willing to pay a 4% annual escalator on a higher initial rent amount. The proposed starting rent of \$54,500 with a 4% annual escalator results in the same total over a 20-year term as \$48,985 at 5%, as shown on the attached Rent Schedule.
2. Board operations to take priority over Verizon operations.
3. The initial term of the lease commences on March 12, 2018, and expires December 31, 2023. The lease automatically renews for three additional 5-year terms.
4. Board to be reimbursed for third-party review, inspection, and RF testing costs.

See attached Location Map, Rent Schedule, and proposed lease.

RECOMMENDATION

Approval is recommended.