



CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: March 5, 2024

TO: Mark Washington, City Manager

COMMITTEE: Fiscal Committee
LIAISON: Molly Clarin, Chief Financial Officer

FROM: Wayne Jernberg, Water System Manager
Water System

SUBJECT: **Resolution authorizing a Lease Agreement with Crown Castle Telecommunications to utilize the Grand Rapids Reservoir Covell Site for Communication Purposes**

The Grand Rapids Water System (Water System) is seeking approval to execute a lease agreement with the telecommunications company Crown Castle to utilize the Covell Reservoir. Previous agreements were executed 24 years ago, and a new contract that reflects today's economy and terminology has been finalized for the site. The telecommunications company continues to monitor and maintain all installed equipment at the location.

In August of 2000, the Water System entered into a site lease agreement with Crown Castle at the Covell Reservoir in the City of Grand Rapids. The original lease included 5-year terms, and Crown Castle and the City request to continue with a lease with 5-year terms for an additional 30 years.

Water System staff and the City Attorney's Office negotiated with Crown Castle and arrived at mutually acceptable terms for the lease agreement. The previous lease terms concluded with a max lease payment calculation of \$30,000 per year for ground and easement access at our Covell Pump Station and tank site. The new agreement reflects a 22 percent increase in revenue for the City and allows for additional space to be used at the site by Crown Castle. Crown Castle will issue yearly site lease payments under the new lease agreement. The agreement includes a 10 percent fee increase every five years.

The annual payment fee schedules are as follows:

| Initial Term | Lease Fee |
|-------------------------|------------------|
| 2024: | \$36,500 |
| 2025: | \$36,500 |
| 2026: | \$36,500 |
| 2027: | \$36,500 |
| 2028: | \$36,500 |
| 1st Renewal Term | Lease Fee |
| 2029: | \$40,150 |
| 2030: | \$40,150 |
| 2031: | \$40,150 |
| 2032: | \$40,150 |
| 2033: | \$40,150 |

| 2nd Renewal Term | Lease Fee |
|-------------------------|------------------|
| 2034: | \$44,165 |
| 2035: | \$44,165 |
| 2036: | \$44,165 |
| 2037: | \$44,165 |
| 2038: | \$44,165 |
| 3rd Renewal Term | Lease Fee |
| 2039: | \$48,582 |
| 2040: | \$48,582 |
| 2041: | \$48,582 |
| 2042: | \$48,582 |
| 2043: | \$48,582 |

| 4th Renewal Term | Lease Fee |
|-------------------------|------------------|
| 2044: | \$53,440 |
| 2045: | \$53,440 |
| 2046: | \$53,440 |
| 2047: | \$53,440 |
| 2048: | \$53,440 |
| 5th Renewal Term | Lease Fee |
| 2049: | \$58,784 |
| 2050: | \$58,784 |
| 2051: | \$58,784 |
| 2052: | \$58,784 |
| 2053: | \$58,784 |

The attached resolution authorizes the mayor to sign the new site lease agreement with Crown Castle.

SG

Cc: Samarhia Giffel, Administrative Services Officer II
Lindsay Sagorski Munsell, Senior Project Engineer
Mike Hoeker, Assistant City Attorney

Your FISCAL COMMITTEE recommends the adoption of the following resolution authorizing an agreement between the City of Grand Rapids Water System to enter into a Lease Agreement with Crown Castle to utilize the Covell Reservoir for communication purposes.

WHEREAS:

1. That the City of Grand Rapids Water System is seeking approval to execute a Lease Agreement between the City and Crown Castle to utilize Covell Reservoir for communication purposes; and
2. That in August of 2000, the City entered into a site lease agreement which included 5-year terms, and Crown Castle requests to renew the lease for an additional 30 years; and
3. That the new annual site lease payments will take effect at a rate of \$36,500 and the annual fee shall increase 10 percent every five years. Funds shall be deposited in Water Supply System account number 5910-536-1000-6671; therefore

RESOLVED, that the Mayor is authorized to execute a thirty-year Lease Agreement with Crown Castle to utilize Covell Reservoir for communications purposes upon approval as to form by the City Attorney.

CORRECT IN FORM

CITY ATTORNEY