

City of Mesquite, Texas

Legislation Text

File #: 18-3866, **Version:** 1

A resolution approving the terms and conditions of the Sixth Amendment to the Communications Facilities License with Dallas MTA, L.P., d/b/a Verizon Wireless, establishing a new license term, increasing rental fees, reducing the annual escalation rate and authorizing the City Manager to execute and administer the agreement on behalf of the City.

Verizon Wireless currently holds a communications facilities license with the City for leased space at the City's communication tower located at the Service Center. At the March 5, 2018, City Council meeting, the City Council approved a Fifth Amendment to the License Agreement to allow Verizon to add three new antennas and remove six diplexers on the communication tower.

Verizon is requesting a Sixth Amendment that will allow Verizon to replace three existing radio units and add three mounting brackets on the communication tower. Additionally, Verizon is requesting an extension to the term of the license, which will expire on September 30, 2022.

The proposed Sixth Amendment would include a new initial term of five years, effective October 1, 2022, and would also include the option for four additional automatic renewal terms of five years each, for a potential expiration of September 30, 2047, if all renewal periods are exercised.

Financial Implications

Verizon's current annual rent is \$32,201.57 with increases at a rate of four percent each year. In consideration for the extended term of the license, City staff negotiated an annual rent increase of \$4,200.00 effective with Verizon's next annual rent payment and agreed to a reduction of the annual escalator to three percent. The new rent of \$36,401.57 is in line with average cell tower rent charged by cities in the DFW area as indicated in a recent 14-city survey conducted by the City of Carrollton, and inflation in the U.S. has averaged 3.27 percent since 1914. Currently, inflation is at 2.5 percent and a three percent annual escalator is more commonly used now in new cell tower lease agreements.

Recommended/Desired Action

Staff recommends approval of the resolution.

Attachment(s)

Resolution

Drafter

Ted Chinn

Head of Department

Ted Chinn