



## **New lease options for cellular tower site**

Last year City Council approved the leasing of a 100x100 square of ground adjacent to the South 5<sup>th</sup> Street water tower. The lease was for 50 years (lease auto-renews every 5 years unless the carrier abandons the site) with a recurring monthly income of approximately **\$1000**.

Verizon Wireless now has signed a long-term option with the company that owns the tower (SBA Communications) which allows an additional buyout option for us. Since this tower sits on public land and now has a stable tenant involved, SBA would like to market the site to additional tenants and increase their revenue from the tower.

SBA Communications has provided us with an offer of a **one-time** buyout of **\$180,000.00** for the lease. The City would still maintain ownership of the land, and the lease would be extended to **55 years**. If, in the future, the tower has no carriers on it for 2 years, the site would be declared abandoned and the lease would be terminated.

Since cellular technology changes at an incredible rate, it is hard to say whether this type of tower will still be used in 10-15 years. If SBA decides it is no longer advantageous for them to pay the lease they can terminate (with notice, and the requirement to remove infrastructure) under the current and any future agreements. If the City chooses a buyout option, we would be able to collect on **15 years** of payments all at once. It is entirely plausible that in a decade we will be using a different type of technology that will likely not require these older, larger sites.

Illinois has recently chosen to opt-in to FirstNet which is basically a cash-grab network designed for public safety organizations and managed by AT&T. This new option is likely correlated to that recent announcement. SBA, having a fleet of already built towers, with tenants, for a stable, government-backed network is going to be highly advantageous if marketed correctly. SBA has not said this, but the industry is spooling up for FirstNet now that Gov. Rauner has endorsed the service.