

**CITY OF MINNETRISTA**



**CITY COUNCIL AGENDA ITEM**

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**Subject:** Land Lease for Cell Tower Discussion

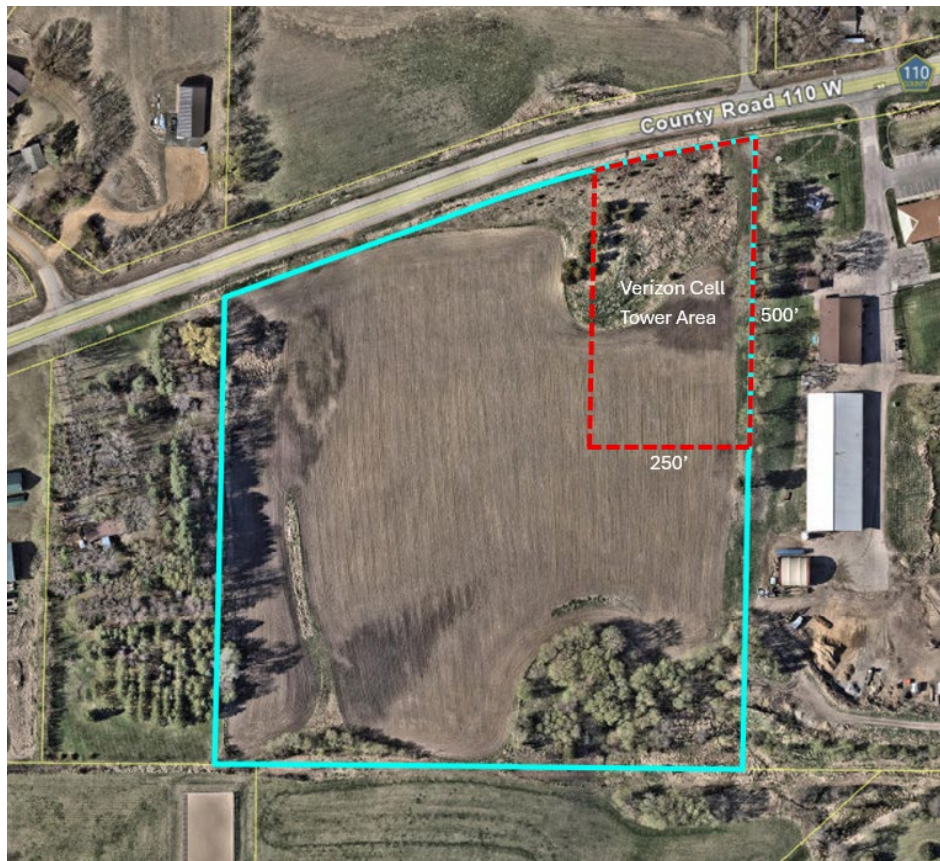
**Prepared By:** Jasper Kruggel, City Administrator

**Meeting Date:** June 15, 2025

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**Issue:** A vendor has recently reached out requesting to lease land on City property for a cell tower. Staff have been negotiating the terms for this lease and feel this is the vendor's highest and best offer. Staff would like to describe the terms of the potential lease and receive feedback from City Council on how to proceed.

**Overview:** Staff have been engaged in discussions and negotiations with a vendor requesting a lease of land from the City for the purposes of a cell tower. The cell tower is proposed to be 150' tall and will initially be used for Verizon Wireless but will be marketed to other vendors. Below is a map of the location:



**Mission Statement:**

The City of Minnetrista will deliver quality services in a cost effective and innovative manner and provide opportunities for a high quality of life while protecting natural resources and maintaining a rural character.

This area currently has no proposed use by the City, and Public Work Director Peters has indicated that this location works well for what the vendor needs related to access. There is a value for the proposed lease, as you will see below, but a major consideration should be related to service provided to the public. Below is a photo of what the cell tower may look like:



**Proposed Lease Terms:** Below are the lease terms provided by the vendor.

- 2-Year Option - \$2,000 upfront payment
- Rent: \$2,000.00 per month
- \$250 revenue share for additional tenants after Verizon
- 3% annual escalator
- 35-Year Lease

**Lease Proceeds Analysis:** Over the 35-year term of the lease with the 3% annual escalator, assuming only Verizon on the tower, would generate \$1,451,090. There is a high likelihood that two other cell vendors would also add equipment to the tower within five years according to the vendor. If this were to happen in year five, the lease value would move to \$1,751,106 with the \$250 per month revenue share clause.

**Cell Tower Lease Market Analysis:** Telecommunication Attorney Robert Vose has indicated that the \$2,000 per month with a 3% annual escalator is on the bottom range of metro communities, and in the mid to upper range of greater Minnesota communities. Based on that analysis, and Minnetrista's mostly rural setting and geographic location, the rent amount of \$2,000 per month with the 3% annual escalator appears to be within the market one would expect for Minnetrista.

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**Next Steps:** Staff is looking for direction on how to proceed with this request. If City Council would like to proceed with the review of a lease agreement at a future City Council meeting, staff will facilitate that process. If City Council would like to reject this proposal, staff just need that direction so we can convey that to the vendor.

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