



Executive Summary

City Council Workshop

AGENDA ITEM: Tower Lease with Hennepin County

PREPARED BY: Jacob Schillander, City Administrator

RECOMMENDED ACTION: Discussion

Summary:

The Water Tower Antenna Site Lease with Hennepin County and the Metropolitan Radio Board is approaching renewal. Staff recommends a **15-year lease extension**, continuation of **CPI-U rent adjustments every five years**, and administrative updates to modernize payment procedures. The original contract (1999) established a \$10,000 annual rent with CPI-based increases at each five-year interval. Applying all allowable CPI increases through 2024 results in an updated rent of **\$18,688 per year**. Consistent with municipal practice for long-term public-safety infrastructure leases, staff recommends a modest renegotiation premium of 7.5%, bringing the proposed annual rent to **\$20,750**.

Key Changes Proposed

- **15-Year Lease Extension:** Provides long-term stability for both agencies.
- **5-Year CPI Adjustments:** Maintains the existing inflation-based rent adjustment structure.
- **Updated Billing Procedure:**
 - The City will **no longer issue invoices**.
 - Hennepin County/Metropolitan Radio Board will be responsible for making timely payments.
 - The City will issue a **CPI adjustment notice each November** for the following year.

Rationale

These updates improve administrative efficiency, ensure the lease remains aligned with inflation, reduce staff workload, and appropriately value the City's infrastructure used for regional public-safety communications.

Timeline

- **February 23, 2026 – Workshop:** Council will review and discuss the proposed terms.
- **March 23, 2026 – Council Meeting:** If no changes are requested at the workshop, staff will present the finalized contract amendment for approval.

Recommendation

Staff recommend the Council provide direction at the February 23rd workshop. If no modifications are requested, staff will return on March 23rd with a final contract amendment reflecting:

1. Annual rent of **\$20,750**
2. CPI-U-based adjustments every five years
3. Modernized payment procedures assigning responsibility to the lessee
4. A 15-year lease renewal term