
MEMORANDUM

TO: Mayor & Council
FROM: Brandon Perkins, Town Manager
DATE: October 7, 2026
RE: RFP TH-2026-01 – Communication Tower Ground Lease

Background

The Town entered into a lease agreement with Wauka Communications, Inc./ Grid Towers¹ for the placement of a telecommunications tower on approximately .118 acres of Town-owned land located at 145 Commerce Drive on November 5, 1998. The original lease term was ten (10) years with three (3) additional six (6) year renewable terms for a total possible lease of twenty-eight (28) years. All renewal terms have since been exercised resulting in a final lease end date of November 5, 2026.

The initial ground lease was \$600 per month, beginning in 1999, with rent increasing at each renewal by the greater of the Consumer Price Index or 15%. In addition to ground rent, the Town was entitled to 25% of net revenues collected from telecommunications users of the tower less certain permitted deductions.

As the final renewal period approached expiration in 2026, staff issued RFP TH-2026-01 – Communication Tower Ground Lease on June 22, 2026, with proposals due July 27, 2026. The RFP sought proposals for the continued operation of a communications tower on the site and established requirements related to compensation, insurance, and other protections for the Town.

American Tower Corporation (ATC), the current tower operator, submitted the only proposal.

Although only one proposal was submitted, the competitive process provided the Town with an opportunity to reevaluate the economics and terms of an agreement originally negotiated in 1998. Staff subsequently negotiated with ATC regarding the financial and operational terms of a replacement lease.

Those negotiations resulted in substantially improved financial terms compared with the Town's existing agreement.

¹ Wauka Communications, Inc./Grid Towers became American Tower Corporation shortly after this initial lease was approved in 1998 and all subsequent renewals have been with ATC.

Financial Terms

Under the existing agreement, the Town currently receives approximately:

- Ground Rent: \$781.96 per month
- Revenue Share: Approximately \$6,145.06 per month
- Total Current Monthly Revenue: Approximately \$6,927.02
- Total Current Annual Revenue: Approximately \$83,124.24

The proposed new agreement provides:

- Base Ground Rent: \$5,820 per month
- Annual Base Rent Escalation: 3%
- Collocation Revenue Share: 18%, currently estimated at approximately \$4,418.58 per month
- Initial Lease Term: 10 years

Based upon current collocation revenues, **the new agreement is expected to generate approximately \$122,862.96 during the first year**, an increase of approximately \$39,739 annually, or 47.8%, over current revenue.

More importantly, the composition of the Town's revenue changes substantially. Under the existing agreement, only approximately \$9,383 per year is guaranteed ground rent, with the overwhelming majority of Town revenue dependent upon tower collocation activity. Under the proposed agreement, guaranteed first-year base rent increases to \$69,840, before considering any collocation revenue.

10-Year Impact

For comparison purposes, staff also evaluated the estimated financial impact of the proposed agreement over its initial ten-year term. Because future collocation activity cannot be predicted, this comparison assumes that current collocation revenues remain unchanged throughout the ten-year period. It also assumes that revenue under the existing agreement would remain at its current level. The proposed agreement includes a 3% annual escalation of the guaranteed base rent.

Under these assumptions:

	Existing Lease	Proposed Lease
Current/Year 1 Ground Rent	\$9,383.52	\$69,840.00
Current/Year 1 Collocation Revenue	\$73,740.72	\$53,022.96
Current/Year 1 Total Revenue	\$83,124.24	\$122,862.96
10-Year Ground Rent	\$93,835.20	\$800,637.33
10-Year Collocation Revenue	\$737,407.20	\$530,229.60
Estimated 10-Year Total	\$831,242.40	\$1,330,866.93

Based on these assumptions, the proposed agreement would generate approximately \$1.33 million over its initial ten-year term compared with approximately \$831,242 if the Town continued receiving its current level of revenue under the existing agreement.

This represents approximately \$499,625 in additional revenue over ten years, an increase of approximately 60%.

The proposed agreement provides the Town with substantially greater guaranteed revenue, reduces the Town's dependence on variable collocation revenue, and continues to allow the Town to participate in revenue generated by commercial use of the tower.