



City Council

Approval of a Resolution Authorizing a Ground Lease with T-Mobile West, LLC for Ground Space at the Elliott Avenue Water Tower Site

Agenda Date: 7/12/2022
Agenda Item Number: 4.J
File Number:22-0652

Type: resolution **Version:** 1 **Status:** Passed

Title

Approval of a Resolution Authorizing a Ground Lease with T-Mobile West, LLC for Ground Space at the Elliott Avenue Water Tower Site

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve a Resolution authorizing the City Manager to sign the T-Mobile West, LLC for Elliott Avenue water tower site ground lease.

Report

Issue:

Whether to approve a Resolution authorizing the City Manager to sign the T-Mobile West, LLC for Elliott Avenue water tower site ground lease.

Staff Contact:

Heather Reed, Procurement & Contract Manager, General Services, 360.753.8771

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

T-Mobile West, LLC, is requesting to enter into a new lease with the City of Olympia at the Elliott Avenue water storage tank site. The lease will expire five years after full execution of the lease (approximately July 12, 2027).

The City of Olympia would enter into a ground lease agreement with T-Mobile West, LLC as Lessor. The ground lease agreement includes compensation for back rent owed beginning from 2009 through 2022 and addresses payment of annual rent for the lease time-period. This annual rent is comprised of a ground facility fee calculated based on square footage required to house equipment and a utility, electrical and conduit run fee calculated based on linear feet of conduit run. Under the

lease agreement, the total rent starts at \$11,595.27 a year, increasing by four percent annually through the lease period.

A lump sum payment of \$101,746.98 will be due within 30 days of contract execution to address back rent and the current year rent. Annual rent is due on or before January 1 of each year, beginning with the year 2023 payment.

Neighborhood/Community Interests (if known):

There are no known neighborhood concerns.

Options:

1. Move to approve a Resolution authorizing the City Manager to sign the T-Mobile West, LLC for Elliott Avenue water tower site ground lease. The back rent and the new annual rent provides revenue to the Water Utility's annual operating budget.
2. Modify the Resolution authorizing a ground lease agreement with T-Mobile West, LLC to change the terms and conditions of the ground lease agreement. Additional negotiation with T-Mobile West, LLC would be required, delaying payment of back rent and future lease revenue.
3. Do not approve the resolution authorizing a ground lease agreement with T-Mobile West, LLC. The Water Utility will not receive revenue.

Financial Impact:

Under the new lease agreement, T-Mobile West, LLC. will provide the Water Utility with \$90,151.71 for back rent (excluding 2022 rent) and approximately \$59,437.78 in additional annual rent over the course of the 5-year lease (including 2022). This revenue goes into the Water Utility's annual operating budget thereby helping to reduce rates that are charged to water customers.

Attachments:

Resolution
Agreement