

Board Action Request

SUBJECT: American Tower Purchase Offer

DATE: September 26, 2018

FROM: Cheryl Horvath, Fire Chief

Background:

Tubac Fire District received an offer in May from American Tower to purchase the tower at Peck Canyon. The District currently maintains a marketing agreement with American Tower to manage the tower leases. This lease agreement will expire in five years. The American Tower offer is for the purchase of the tower or to extend the current marketing agreement for eight (8) additional five (5) year terms.

American Tower is interested in the purchase within the next two years. The District has received additional general inquiries regarding the sale of the tower but nothing as specific as the American Tower offer.

Staff commissioned a preliminary title report on the tower property which is included in the attachments.

Staff is also providing a letter of engagement from Lake & Cobb, PLC, to negotiate the terms of a potential sales agreement if the fire board chooses to market the cell tower for sale. As part of the terms of sale, the District would need to retain the backup repeater site on this tower for emergency communications.

The anticipated maintenance cost at the current site is approximately \$50,000 to \$60,000 to permanently replace the existing access road which is gravel. Annually the District spends \$3,000 to \$4,000 re-grading the existing road and clearing debris (tree and brush removal) on the site.

As a follow-up to the August board meeting, Thomas Waniewski, a telecommunication consultant with Capital Telecom, will be available telephonically to present his findings and recommendations regarding the sale of the tower.

Fiscal Impact:

The District collects approximately \$185,000 annually for cell tower leases (American Tower, Sprint, and Simply Bits). If the District decides to sell the tower this annual revenue will not be available.

Alternate Option:

Provide staff with additional direction

Staff Recommendation:

Approve the engagement letter with Lake & Cobb PLC to enter into negotiations with American Tower.

Proposed Motion:

Move to approve an engagement letter with Lake & Cobb PLC for the purposes of negotiating a potential transaction with American Tower.

See Attachments

- American Tower Offer
- Condition of Title Report
- Lake & Cobb PLC Letter of Engagement
- Tubac – Tenant Rent
- Tubac - Model