

MARIN EMERGENCY RADIO AUTHORITY

c/o Town of Corte Madera
300 Tamalpais Drive, Corte Madera, CA 94925

DATE: April 22, 2020

TO: MERA Governing Board

FROM: Maureen Cassingham, Executive Officer

SUBJECT: AGENDA ITEM **B-4**: PROPOSED SECOND AMENDMENT TO
AMERICAN TOWER SITE LICENSE AGREEMENT FOR
MT. TAM SITE

Recommended Action: Authorize the Executive Officer to execute the proposed Second Amendment to the Site License Agreement between MERA and American Tower L.P. for the Mt. Tam Tower, as presented.

Background: The existing Mt. Tam Tower Site is one of the current MERA System sites to be used for MERA's Next Gen System Project. The original Site Lease Agreement between the parties was approved January 25, 2003. The First Agreement Amendment was approved on September 25, 2019, which extended the Agreement term commencing February 1, 2020 for 10 years, with one additional 10-year extension and automatic renewals for each successive Renewal Term.

The proposed Second Amendment to the Site License Agreement addresses the installation of new Next Gen equipment, removal of some existing radio equipment, building and site modifications and additions of a MERA-owned emergency generator for backup power reliability. MERA has been in negotiation with American Tower since early this year over key business terms. Current license costs are \$1,822.70/month for rent and \$364.54/month for utilities. Rent has been adjusted annually at 6% since lease commencement. Total current annual rent is \$21,872.40, with annual utility costs of \$4,374.48, the latter of which has remained at the same rate since 2003.

Initial proposed rent adjustments from American Tower started at \$12,041.05/month. With additional negotiating, pricing was further reduced two times to \$7,209.18 (\$86,510.16/year) which is American Tower's final position. Throughout these negotiations, MERA asserted its mutually beneficial occupancy on the tower and longstanding relationship with American Tower to assist in achieving more favorable pricing. Other factors affecting increased pricing include greater tower space value over time, customer demand and MERA's additional equipment and NGP space requirements.

While final pricing represents a significant increase over current costs, the 17-year pricing interval and present market rate value should be factored in along with the necessity of the site for Next Gen. Additionally, as some decommissioned sites like Bay Hill (\$17K/yr.) and Mt. Burdell (\$142/yr.) with leases expiring in 2024 and 2025, respectively, there will be considerable annual Operating cost savings, which will help offset this and any other site rent increases.

ATTACHMENT: B-4a Proposed Second Amendment to American Tower Site License Agreement for
MERA Mt. Tam Site