



Legislation Details (With Text)

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On agenda: 8/18/2022 **Final action:**

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Title: OPTION AND LEASE AGREEMENT WITH HARMONI TOWERS, LLC FOR 900 FEET OF PROPERTY LOCATED AT 1301 WEST GREGORY STREET LOCATED AT LEGION FIELD

Sponsors: Grover C. Robinson, IV

Indexes:

Code sections:

Attachments: 1. Option and Lease Agreement with Harmoni Towers, LLC

Date	Ver.	Action By	Action	Result
8/18/2022	1	City Council	added-on	Pass
8/18/2022	1	City Council	Failed	Fail

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

OPTION AND LEASE AGREEMENT WITH HARMONI TOWERS, LLC FOR 900 FEET OF PROPERTY LOCATED AT 1301 WEST GREGORY STREET LOCATED AT LEGION FIELD

RECOMMENDATION:

That City Council approve the Option to Lease Term and Lease Agreement with Harmoni Towers, LLC for exclusive option to lease a portion of property 900 square feet at 1301 West Gregory Street located at Legion Field for a telecommunications tower. Further, that City Council authorize the Mayor to take all actions necessary to execute the agreement.

HEARING REQUIRED: No Hearing Required

SUMMARY:

The initial Option Term allows Harmoni Towers, LLC, the Tenant, to conduct a survey, ground sampling, soil boring, and other geological or engineering test/studies to ensure that the Tenant will be able to build as specified in the lease. During the initial six (6) month Option Term, the Tenant will pay the City of Pensacola \$2,500 within 30 days of the effective date. Afterwards, the Tenant has an optional six (6) month Option Term renewal with the payment of an additional \$2,500 no later than 5 days prior to the expiration date of the agreement. At any time during Option Term(s), the Tenant can choose to cancel or enter the terms of the lease.

The initial lease term specified is for twenty (20) years commencing on the date of written notification from the Tenant. The Tenant also has the option of an automatically renewing extension term of six (6) additional five (5) year extensions.

Rent upon commencement of the initial lease term will be \$1,000 a month (\$12,000 for the first year) with an increase of 2.5% for every subsequent year. Tenant is also contractually obligated to pay 30% of revenue collected from sublease, rental on the telecommunications tower. This obligated amount will be due on March 1st and is collected for the preceding calendar year.

Additionally, the City will bill the Tenant on an annual basis for charges payable under this agreement, such as utilities and taxes. This is not considered part of the rent but shall be billed annually to the Tenant.

The proposed revenue streams and new lease terms have been reviewed by the City's telecommunication consultant, Omnicom Consulting Group of Tallahassee. Omnicom determined this agreement's rates to be equivalent to fair market value.

PRIOR ACTION:

August 15, 2019 - Per City Code, the concept was presented to the Parks & Recreation Board and was approved.

FUNDING:

Budget: \$

Actual: \$

FINANCIAL IMPACT:

During the Option to Lease Term, Harmoni Towers, LLC, the Tenant, will pay the City of Pensacola \$2,500 per month until a lease initial term is executed. The Option to Lease is between 6-12 months in length.

At the commencement of the initial lease term, the Tenant will pay \$1,000 per month for the first year. This will increase by 2.5% annually. Additionally, the Tenant will pay on an annual basis, 30% of collected revenue from subleases or collocations.

LEGAL REVIEW ONLY BY CITY ATTORNEY: Yes

7/29/2022

STAFF CONTACT:

Kerrith Fiddler, City Administrator
Trudi L. Nichols, IT Director

ATTACHMENTS:

1) Option and Lease Agreement with Harmoni Towers, LLC

PRESENTATION: No