



Legislation Text

File #: K-0304-123 AMD #1, **Version:** 1

AMENDMENT NO. ONE TO CONTRACT K-0304-123: A CONTRACT BY AND BETWEEN THE NORMAN UTILITIES AUTHORITY AND SPRINT SPECTRUM REALTY COMPANY, L.L.C., TO COMPLETE STRUCTURAL MODIFICATIONS AND INSTALL NEW AND EXPANDED TELECOMMUNICATIONS EQUIPMENT ON THE MONOPOLE EAST OF THE WATER TREATMENT PLANT LOCATED AT 3000 EAST ROBINSON STREET AND INCREASE THE MONTHLY RATE TO \$2,500 PER MONTH EFFECTIVE JULY 1, 2019.

BACKGROUND: The Norman Utilities Authority (NUA) approved Contract K-0304-123 with Sprint Spectrum Realty Company, LLC (Sprint) on June 22, 2004 to lease space for telecommunication equipment on the Water Treatment Plant (WTP) monopole located at 3000 East Robinson. The initial term of the contract was five years with the option to renew four additional terms of five years each.

The lease rate was \$1,000 per month with a 3% increase annually on the anniversary date of the contract; the current rate is \$1,512.59. Article I of the contract allows the NUA to terminate the agreement upon ninety days (90) days' notice prior to the end of the current five-year term when ends on June 30, 2019. Article VI requires telecommunication equipment to be installed in accordance with the contract and requires approval of the Director of Utilities prior to construction of the improvements.

DISCUSSION: The second five-year term expired in June 2014 and automatically renewed. Sprint notified staff of its intention to install new and expanded telecommunication equipment on the tower in October 2017. Sprint performed the required structural analysis and found the monopole would need structural improvements to support the modified equipment as well as the equipment of three other communications lessees.

Staff requested information regarding the proposed structural modifications as well as the telecommunications equipment to be installed in April 2018 and received acceptable construction documents in June 2018.

Due to the nature of the proposed changes and the fact that the current monthly lease rate is well below the market rate for this type of installation, staff requested that the lease rate be increased to match the rates paid by other vendors. Sprint countered with a request for a lower rate due to the cost they would incur to make structural modifications to the NUA's monopole. Considering the cost of these modifications, staff has negotiated the terms of Amendment No. 1 to Contract K-0304-123 with Sprint. The amendment includes: (1) Exhibit 1-A which describes the proposed structural improvements and the existing and proposed telecommunications equipment on the tower; and (2) increases the lease rate from \$1,512.59 to \$2,500.00 per month effective on July 1, 2019. The rate increase is delayed several months to partially offset Sprint's cost to complete the structural modifications. The amended contract has the option to renew for two additional 5-year terms through 2029.

RECOMMENDATION: Staff recommends the NUA approve Amendment No. 1 to Contract K-0304-123 with Sprint Spectrum Realty Company, LLC to make structural modification, modify its existing equipment and continue leasing space for telecommunication equipment placed on the WTP Monopole and increasing the monthly rate to \$2,500 per month effective July 1, 2019