

STAFF REPORT
City of Lancaster, California

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10/23/07
RSL

Date: October 23, 2007
To: Mayor Hearn and City Council Members
From: Mark V. Bozigian, Assistant City Manager
Subject: **Report to Council on Wireless Communications Master Plan**

Recommendation:

Receive report on Wireless Communications Master Plan and direct staff to either:

1. Continue to manage wireless communication facilities planning and leases in-house; or
2. Develop and release a Request for Proposal (RFP) to provide wireless master plan and related services to the City.

Fiscal Impact:

No immediate impact; it is projected that the market potential for additional revenue could ultimately be between \$180,000 and \$270,000 annually (exclusive of costs and commissions) with a portion of this additional revenue beginning to be realized in 1 to 2 years if proactively marketed. Without a private firm providing technical planning and marketing, it is possible that the same market potential would still exist, and ongoing costs and commissions would be significantly less, but additional revenues would not be realized as soon.

Summary:

At the August 14, 2007 City Council meeting, Council received a report from a representative of ATS Communications regarding wireless communication facilities planning and marketing. Council directed staff to return with a report on proactively planning and marketing City property for wireless communication facilities to generate revenue for the City. This staff report is in response to that direction.

ATS Communications offers to develop a “No-Cost” Wireless Master Plan for the City relative to the placement of cellular towers and antennas by private telecommunications firms within the City limits. After completion of the Wireless Master Plan, ATS would market City properties to wireless providers on an exclusive agent basis focusing on co-location opportunities, minimizing visual blight, and maximizing revenues for the City. ATS would also provide assistance to staff throughout the City approval process. ATS claims this will ultimately result in optimal cellular services for the community with the least amount of cell sites and will benefit the City in four ways:

- Reduction in the number of tower sites needed to serve the community through co-location
- Minimize the blight of antennas through state-of-the-art mitigation measures

- Better wireless coverage throughout the City
- Generate long term revenues for the City through the lease of public property for cellular facility sites

ATS does not charge any “up front” fees for its services. Instead, the firm would receive 25% of revenue from each new cellular facility lease, on a monthly basis, for the life of the lease, including renewals and extensions. Based on an estimate by ATS Communications, the market potential for additional revenue could ultimately be between \$180,000 and \$270,000 annually (exclusive of costs and commissions) with a portion of this additional revenue beginning to be realized in 1 to 2 years. Based on this estimate, the ongoing fee/commission paid to ATS would ultimately be between \$45,000 and \$67,500 annually.

The City currently receives approximately \$205,000 per year in revenue from 11 existing cellular tower leases on City property. In the past, the City has not actively solicited lease agreements with wireless carriers. These current lease agreements have been the result of wireless carriers approaching the City about specific sites, working with staff to comply with the City’s established planning approval process and applicable ordinances, and negotiating lease agreements directly with wireless carriers.

In staff’s research with other cities, those that have dealt with ATS generally had a positive view as to the firm’s technical capabilities. However, one issue that surfaced repeatedly was that this was a somewhat new service and business model and most cities were unsure if the value of the service was commensurate with the long term implications of a 25% payment of all future lease revenues. For that reason, if Council were to direct staff to contract for wireless master plan and related services similar to those offered by ATS, staff recommends that this be accomplished through a competitive Request for Proposal (RFP) process. To date, staff has identified at least two firms in addition to ATS Communications which provide services similar, but not identical, to those of ATS.