



Use of Right of Way/Resources for Wireless Services

Fee Structure Recommendation

Prepared by:



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Fee Structure Recommendation

There were four areas that we focused on based on discussions with the City of Austin (CoA) Staff and the Wireless Industry – application fees, site rental fees, fiber fees and the term of the agreement.

The fee structure that Aero Solutions' recommends is applicable for the current Phase I deployment of small cells in the CoA Great Streets Area. The Great Streets Area is deemed to be the most desirable from an industry perspective due to density of users and intensity of commerce. The expectations are that the fees for subsequent phases may be at lower rates in the attempt to incent expansion of small cell networks into underserved geographies in follow-on phases.

A study was made on the fee structure in other cities in Texas and outside Texas. Benchmark fees from this study for other cities is attached in Table A.

1. Small Cell Site Application Fee

Rate: \$1250 / small cell site

This one-time fee was based on an internal study performed by CoA staff to capture the cost to review and oversee compliance to the proposed small cell site. There were a number of recommendations to reduce this cost by allowing bundling of sites or where there are multiple sites at an intersection this might reduce the number of visits. It is too early to know if there will be cost savings based on these recommendations. Therefore, for now, the Site Application fee should be set at \$1250 / small cell.

2. Small Cell Site Rental Fee

Rate: \$1500 / year / small cell site

Based on a review of other Texas cities and "Smart" cities of comparable size to Austin we saw a wide range from \$400 - \$4000 / year / small cell site. These are never "apples-to apples" comparisons. There are a variety of rights / conditions that are bundled with these fees. Our recommendation, for this first phase in the Great Street's area, is \$1500 / year / small cell site.

Although the proposed City of Austin fee structure anticipated a discount for licensees that did not need to deploy fiber in the right-of-way (RoW), we recommend that there be no discount in the rental fee for this approach. Part of the original rationale was that it would encourage less disruption to the RoW. The fiber fees that are anticipated will provide the appropriate incentives to minimize RoW disruption. Use of wireless backhaul / front haul from small cells may result in additional siting requirements, such as additional antennas, that will need to be considered in their deployment.

The small cell site rental fee should be reviewed as the City of Austin opens up follow-on phases in other geographic areas. In addition, there are other structures - light poles, utility poles, etc. – that could be utilized by the wireless industry. There should be a future review of these additional structures; their usability and associated rules and fees.

3. Small Cell Site Fiber Fees

The fiber fee is the most challenging fee for a number of reasons. The rights of a Certificated Telecommunication Provider (CTP) are being discussed, debated and contested at a number of levels in the State of Texas. The outcome of some of those activities may result in changes to these recommended fees.

Our recommendation is that to the extent the small cell licensee is utilizing a CTP that already has a relationship with the CoA and pays the CoA for RoW access, there is no additional charge to the small cell licensee by the CoA. The small cell licensee will be paying the CTP and the CTP will be paying the CoA under the terms of its' agreement. For the small cell licensee to pay the CTP to provide services and then pay the CoA for those services greatly disadvantages small cell deployments.

To the extent that the small cell licensee is self-performing or using a provider that is not a CTP and/or does not pay the CoA for RoW access the following rates apply:

Rate: If trenching is required

0" - 4" Conduit - \$1.25 / Linear Foot / Year

4" – 8" Conduit - \$2.50 / Linear Foot / Year

When trenching, add a 4" conduit for the City of Austin

If no trenching is required (boring / micro-trenching)

0" - 4" Conduit - \$0.63 / Linear Foot / Year

4" – 8" Conduit - \$1.25 / Linear Foot / Year

For fiber pulls in existing conduit - \$0.32 / Linear Foot / Year

Where RoW access is required, the land value calculation is utilized using a cross section that is consistent with the needs of the conduit that is being deployed. For the Great Streets area, an average land value calculation of \$5.00 per square foot was used.

The small cell site fiber fees should be reviewed as the City of Austin opens up follow-on phases in other geographic areas based on updated calculation of land value.

4. Term of the Small Cell Agreement

Term: 10 years, with one 5 year renewal option.

Other cities have similar or longer terms. The capital invested by the industry per small cell site will be significant. Industry estimates are that a 5-year payback period is required for this investment. Therefore, a reasonable term of 10 years should meet the investment criteria of the industry.

Municipality	Application Fee	Term	Annual Attachment Rent	Annual ROW Fee	Annual Escalation	Comments
Dallas, TX	\$750/All + \$100/Site	5-year renewable	\$1000/pole	% of FMV of adjoining parcels *	No	Structured as a Temporary License Agreement.
Houston, TX	None	25 years	\$2000/Utility \$2500/\$2700 Carrier pole	% of FMV of adjoining parcels *	2%	\$900 annual sublease fee for additional carriers on Licensee Pole.
San Antonio, TX	\$700/Site	25 Years**	\$1500/6' X 35' Cylinder	No additional charge if CTP, otherwise land value calculation	3%	Carrier Agreement. **Renegotiates every 5 Years.
Highland Park, TX	None	5-year renewable	\$2,400	State CTP Fees	No	DAS and Small Cell Agreement
Milwaukee, WI	Actual Costs (hourly)	5 Year, + 5-5 Year renewals	\$1,800	None as considered CTP	3%	Power is separately metered (not included in rent). Carrier pays for any new pole.
Boston, MA	None	10+10	5% of Gross or \$2500	Included in fees	1.50%	DAS and Small Cell Agreement
State College PA	\$5000/MLA	10 Years	\$400/New Pole; additional \$500 if existing City Pole	5% of Gross revenues if CTP; \$1/l.f. if non-CTP	3.00%	
San Diego, CA	\$4920/MLA	10 Years	\$4000/pole	No recurring annual fee but permit fees apply	3.50%	Rent for 81+ poles decreased to \$3750 annually.
Glendale, AZ	None	10 + 3-5yr.	\$3469/pole	No additional charge if CTP	3%	Includes one (1) street light attachment, with a cabinet "footprint" of up to 50 cubic feet.
Scottsdale, AZ	None	10 + 3-5yr.	\$3680-\$5256	No additional charge if CTP	CPI	Fees range based on type of structure (new vs. existing vs stealth. Cabinets are < 50 sf.

* Dallas and Houston, ROW fees are in litigation

Table A: City Benchmark Fees