



City of San Antonio

Agenda Memorandum

File Number:14-831

Agenda Item Number: 13.

Agenda Date: 4/10/2014

In Control: City Council A Session

DEPARTMENT: Information Technology Services Department

DEPARTMENT HEAD: Hugh Miller

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

An ordinance authorizing a lease agreement with Southwestern Bell Telephone Company d/b/a AT&T Texas for the use of City property for the installation of prefabricated communications equipment shelters.

SUMMARY:

This item consists of an ordinance authorizing the City Manager or her designee to enter into a Master Lease Agreement with Southwestern Bell Telephone Company d/b/a AT&T Texas ("AT&T Texas") for use of certain City-owned land throughout San Antonio for the purpose of installing prefabricated communications equipment shelters for a fiber-to-the-home network expansion of AT&T's U-Verse GigaPower network.

BACKGROUND INFORMATION:

AT&T Texas has approached the City with plans to expand its U-Verse network in San Antonio to reach residential customers with a fiber-to-the-home build-out that will deliver AT&T's U-Verse with GigaPower. This means that AT&T will be able to deliver to residential consumers broadband speeds of up to one gigabit. This network expansion will require the installations of prefabricated communications structures in areas around the city. The proposed Master Lease Agreement will give AT&T Texas access to municipally-owned land across San Antonio for the installation of its communications equipment shelters. The prefabricated structures will require power from an outdoor electrical generator. At each selected site, AT&T Texas will be granted outdoor space for the placement of the communications equipment shelter, a buffer to install a generator, a perimeter fence, and the right of ingress and egress from the street or parking lot to the installation. The parties will mutually agree on the appropriate sites for installations. The lease will have an initial term of twenty (20) years. The Office of East Point and Real Estate Services (Real Estate Office) assisted the City

Attorney's Office in establishing rates for the Master Lease Agreement. Once executed, the Real Estate Office will manage installations under this agreement and the collection of rent associated with each installation. The Master Lease Agreement is a non-exclusive agreement, which was negotiated consistent with state law recognizing the City's duty to provide access to City-owned property to broadband providers in a non-discriminatory manner.

AT&T Texas proposes to deploy a broadband network to consumers delivering up to one (1) gigabit speed for downloading and uploading data from/to the Internet. AT&T Texas' network expansion is in response to the recently announced fiber-to-the-home network that Google Fiber is considering deploying in San Antonio. The proposed Master Lease Agreement with AT&T is very similar to the one the City Council recently approved with Google Fiber.

ISSUE:

Approval of the proposed Master Lease Agreement will provide AT&T Texas with access to City-owned land throughout San Antonio for the purpose of installing communications equipment shelters.

ALTERNATIVES:

If City Council chooses not to approve this ordinance, AT&T Texas will need to establish land leases or purchases with other parties within the city, and may be delayed in its plans to deploy AT&T's U-Verse GigaPower network.

FISCAL IMPACT:

Annual rents per site will vary from a low of \$459 to a high of \$6,728 per year depending on the part of town where the installation takes place, and the rent will be subject to an annual 3% escalation factor. For the purpose of assessing rent, the city has been divided into five sectors:

Inside Loop 410 - \$6,728

Northwest Quadrant Outside Loop 410 - \$2,556

Northeast Quadrant Outside Loop 410 - \$1,887

Southwest Quadrant Outside Loop 410 - \$499

Southeast Quadrant Outside Loop 410 - \$459

These figures are based on a market analysis of real estate values throughout San Antonio conducted by the Real Estate Office. Accordingly, the rent for the lease of City property negotiated by staff reflects current market values for the land that will be used.

It is premature to determine how much revenue the City will receive under this Master Lease Agreement given that AT&T Texas has not finalized its network expansion plans.

RECOMMENDATION:

Staff recommends approval of this ordinance delegating to the City Manager or her designee the authority to execute the Master Lease Agreement with AT&T Texas.