



CITY OF WARWICK

FRANK J. PICOZZI, MAYOR

MEMORANDUM

To: Honorable City Council President Stephen McAllister
Honorable City Council Members

From: Tom Kravitz, Director *TK*
Dan Geagan, Deputy Director

Date: August 29, 2022

Re: Resolution to authorize Telecommunication Tower Lease Renewals and new lease

The City of Warwick has received multiple requests to extend expiring telecommunication leases and one new lease request.

Background

The Warwick City Council authorized numerous leases in the late 1990s through the early 2000s which were commonly awarded as 20 to 25 year leases (composed of 5-year renewable terms). The original leases were negotiated by various departments including MIS, Public Safety and the Department of Public Works; the leases were then approved by the Council and executed by the Finance Director.

City policy relative to locating and constructing telecommunication towers has been to direct new towers to public properties as opposed to locating on private sites. The intent of this policy is two-fold; first, to limit the proliferation of towers in the City, and second, to offset the local visual impact with revenue to fund essential services. The City also typically requires that new towers reserve space for City communication equipment that supports police, fire and utilities.

Due to consolidation in the telecommunication industry, numerous leases have not be renewed and/or terminated. The recent merger of T-Mobile and Sprint Spectrum resulted in the non-renewal of the Sprint Spectrum Lease which was terminated on June 19, 2021.

Benefits:

- Revenue to the City to offset impact on localized areas.
- Improved public safety and improved wireless communications. Stronger signals on mobile phones, faster data and better call quality.
- Limit the proliferation of private towers by consolidating multiple-carriers on City properties.

Cons:

- Primarily aesthetic which is partially offset by revenue to the City and improved public safety response and wireless servicing benefiting area residents.

REQUEST

The City has received proposals from several carriers for lease renewals and one new lease (Dish Wireless).

The following requests by existing lease holders are presented to the City Council

Site	Company	Lease	Escalator
1. Warwick Neck Water Tower	T-Mobile	\$4,000.00 (Yr 1)*	10% on each 5- year term renewal
2. 915 Sandy Lane	Crown Castle	\$1,500.00/30% Revenue share**	15% each 5-year term renewal term
3. 99 Veterans (Police Tower)	T-Mobile	Pending	Pending
4. 99 Veterans (Police Tower)	Dish (New Lease)	\$2,000.00	2% annual

*Extended period allows for 9, one-year renewals at 102% of previous year rent with termination option by either party.

**Requires additional 250sf of ground area for additional equipment pad.

Valuations:

The value of lease agreements between major carriers and landlords varies considerably. Rates are generally determined by a number of factors including location, population density, carrier network needs, construction limitations and availability of competing towers. Not every carrier has the same needs in the same area as their networks are not identical and the search ring can vary.

Over the past 20 years the number of wireless providers has reduced substantially due to corporate mergers, competition and general market conditions. There only 3 major wireless providers remaining in the Unites States, they include Verizon (143 million customers – 2021 Q4); T-Mobile US (109 million customers Q4 2021); and AT&T Mobility (101 million customers Q4 2021). Dish Wireless is expanding service (8.5 million Q4 2021) and is the one carrier seeking a new lease with the City.

A review of the above lease proposals finds that the proposals are reasonably within the range of other leases recently signed in the local and national market. Some points on the proposed renewals:

- The Warwick Neck Water Tower commands a high value as there are no other towers available in that area, nor are there any structures capable of hosting equipment nearby. The lack of competing available space has created the high value lease opportunity.
- The tower located at the Fire Dispatch property at 915 Sandy Lane is relatively low value and is a ground lease only, the tower and infrastructure belongs to Crown Castle. There is also a competing, privately-owned tower located less than ¼ mile away that hosts all major carriers. This tower serves as infill for network redundancy and does not command a premium value. The Department does recommend that any revenue share at this property should be 50%.
- The Warwick Police Tower currently hosts both ATT and T-Mobile. Sprint Spectrum abandoned its space on the tower which would allow for a new lease to be executed by Dish Wireless, should the City Council agree to the terms. Alternatively, Dish could pursue the option to locate on the nearby Verizon Tower.

SUMMARY:

Wireless Infrastructure and availability of carriers to provide consistent coverage for mobile and wireless devices is a vital need for the City of Warwick to support the evolution of devices from landline to wireless. The benefits of strong networks with improved and redundant wireless service is not only supportive of both business and resident's needs, it also enhances public safety response and communications, all while providing substantial revenue to the City.

The Council may wish to consider authorizing the referenced leases with uniform *annual escalators*, as opposed to term escalators.

The Department recommends that the City Council consider authorizing the Mayor and City Finance Director to negotiate final terms and execute the leases with final lease form to be approved by the City Solicitor.