



MEMORANDUM

TO: Mayor and Council Members

CC: Elaine Hart, Interim City Manager
Robert Goode, P.E., Assistant City Manager
Mark Washington, Assistant City Manager

FROM: Robert Spillar, P.E., Director, Austin Transportation Department 

DATE: December 6, 2016

SUBJECT: **Downtown Small Cell Antenna Fee Proposal**
December 8, 2016, Council agenda Item No. 11

The purpose of this memorandum is to inform you that, after stake holder and consultant input, the Austin Transportation Department proposes changing two of the three previously proposed fees, set to go before Council on December 8, 2016.

City Staff and Aero Solutions have been working with the carriers, the Neutral Host Providers, and other Texas cities, to better understand industry issues and to develop a fee proposal that is fair and non-discriminatory, while keeping in line with existing laws and regulations.

The originally proposed “Annual Rental Fee for Downtown Small Cell on Traffic Signal Poles” was based on a fee study that was conducted both nationally and locally. Staff determined that \$2,500 per attachment was an appropriate mid-range “market rate”. However, after further discussion with the industry, many of the rates listed in the fee study contemplate a wholesale approach to small cell equipment attachment, which included incidental fiber installation in the right of way. Considering the fact that we are charging for the attachment and a linear footage charge for fiber installed, we are now proposing a \$1,500 fee similar to the City of San Antonio which we believe is the fair market value. This reduces the originally estimated revenue amount from \$250,000 to \$150,000 for the first phase implementation of small antennas in the downtown area that is currently listed on the Request for Council Item (RCA).

The originally proposed “Right of Way Rental for Small Cell Cabling (Downtown subsurface)” fee was developed using the City’s established method for determining the value of the right of way and some general assumptions about the area of right of way that the cabling would occupy. However, it was brought to our attention that our assumption of 12 inches of area was not always in line with the actual size of the conduit, which could be a range of sizes. Using the same right of way valuation model, we have modified our fee proposal to reflect a range of possible conduit sizes, which will more closely align with the actual amount of area being used versus a general assumption. Please see the revised fee structure below:

Conduit installed by trenching is now:

- 4” – 8” Conduit - \$2.50 / Linear Foot / Year
- 0” – 4” Conduit - \$1.25 / Linear Foot / Year

Conduit installed by bore or micro-trenching:

- 4" – 8" Conduit - \$1.25 / Linear Foot / Year
- 0" – 4" Conduit - \$0.63 / Linear Foot / Year

For fiber pulls in existing conduit:

- \$0.32 / Linear Foot / Year

We believe we have heard the small cell industry and done our very best to propose a fee structure that is fair and legal. If you have any questions, please feel free to contact myself or Jason Redfern, Division Manager for Right of Way Management Division.

cc: Rondella Hawkins, Telecommunications & Regulatory Affairs Officer
Robert Hinojosa, Interim Public Works Director
Jacqueline Sargent, General Manager, Austin Energy