

BASE LEASE RATE RESEARCH

Research for the above policy recommendation was assisted by the American Planning Association's *Planning Advisory Service* (PAS). PAS surveyed Chicago area municipalities to determine what co-location lease rates exist around the region. The below information marked by (PAS) was collected by PAS.

Information marked by (VGE) was collected by the Village of Glen Ellyn, which shared their research with PAS, and thus Orland Park. Information marked by (VOP) was collected by staff.

1. Private Carriers/ Providers and Tower Owners (VOP)

AT&T owns the monopole tower on the northeast corner of 143rd Street and Wolf Road. Mr. Brian Robinson, Regional Manager for AT&T was contacted to discuss this and other AT&T monopole sites in the Chicago and Midwest region. He noted that in the private sector, base lease rates vary widely. This is usually due to the amount of equipment proposed, ground space required, technologies deployed, and legal, safety and security issues. Furthermore, the base lease rate is influenced by inter-corporate cooperation, deals and agreements between the big carrier/ provider companies (T-Mobile, Sprint, US Cellular etc.) and between smaller carrier/ provider companies (Cricket etc.). Base lease rates can range between \$300 to \$3,000/ month but not necessarily depending on location or anything specific to the market area. Mr. Robinson noted that it would be difficult to determine a "market rate" since they are in the business of selling phones and plans, not space on towers. Nonetheless, he noted that it is not possible to share exactly what kind of lease rates exist on existing monopole towers for contractual reasons and legal obligations to corporate clients and tenants.

Clearwire (a company by Sprint) has multiple petitions pending with Orland Park. Clearwire project managers and representatives declined to comment with regard to the type of lease rates the company pays. Mr. Robinson noted that AT&T deals frequently with Clearwire and said that Clearwire provides data services for the Sprint network's next generation 4G systems. He said that Clearwire is an example of a wireless communication system that is not physically intensive on a tower, but provides a high performing service. This and other factors will influence what a lease rate is for such smaller services.

Representatives from Verizon that met with Village officials in Fall 2009 noted that AT&T has the largest physical infrastructure network in the country and that companies like Verizon, T-Mobile, US Cellular etc. frequently co-locate on AT&T infrastructure instead of building new towers because the AT&T infrastructure is already in place (and in many cases has been for many years). With regard to leasing etc., AT&T policies are often replicated among other carriers and providers.

The lattice tower at approximately Southwest Highway and La Grange Road is owned by American Tower Company. When contacted, American Tower representatives explained the same information as AT&T and declined to

comment. Private carriers and providers are not obliged to share lease rate information with third parties.

2. Village of Burr Ridge (PAS)

The Village leases water tower space for \$32,000 annually (\$2,667/ month). According to Glen Ellyn's research, Burr Ridge has an annual escalator of 3%.

3. Village of Frankfort (PAS)

Frankfort has several water tower co-locations. The most recent lease was for \$3,150/ month with a 3% escalator. Rates in Frankfort vary between the high \$2,000s to the low \$3,000s/ month, with some escalators at 5% (though not attainable in the current economic climate). Frankfort requires the first year payment upfront with site improvements (e.g. landscaping, paving etc.) The Village sometimes receives an extra upfront payment or "signing bonus" from the carriers.

4. Village of Palos Heights (VGE)

The Village has one co-location with an annual payment of \$20,400 (\$1,700/ month) with an annual escalator of 3%.

5. Village of Palos Park (VOP)

The Village has one co-location on a water tower for \$17,280 annually (\$1,440/ month).

6. Village of Tinley Park (VOP)

According to Tinley Park planners, co-locations in the Village pay \$2,500/ month with a 1% to 2% annual escalator.

7. Township of Orland (VOP)

The Township does not own any wireless communication infrastructure. However, the monopole tower at the Township's Highway Department facility is owned by AT&T. AT&T pays the Township \$1,100/ month with a 15% escalator every 5 years for the land. The current rate is \$1,454.75/ month.

8. Village of Downers Grove (PAS)

Downers Grove charges \$3,400 – \$3,500/ month. Water towers can carry 3-6 users. The carriers are also responsible for any property taxes incurred by the Village in addition to their monthly lease.

9. Village of Romeoville (PAS)

The Village currently leases its infrastructure for about \$3,000/ month. When one of the Village water towers were upgraded, Sprint was required to upgrade as well. This cost them \$40,000 to meet Romeoville requirements. Sprint was willing to do it because of the strategic location of the water tower.

10. City of Naperville (PAS)

The City no longer leases space on water towers because of security issues. The City requires the wireless communication companies to construct their own (new) towers, which must be able to accommodate at least three additional carriers, and then deed the tower over to the City. The City then charges \$2,200-\$2,400/ month per occupant, even for the company that constructed the tower.

11. Village of Hoffman Estates (VOP)

The Village currently requires \$3,500/month with a 4% annual escalator for the first 10 years and then 5% increases each year thereafter. Hoffman Estates noted that their base lease rate was determined based on their surrounding communities. Some communities surrounding Hoffman Estates require a base lease rate of \$5,000 to \$6,000 per month, though staff from Hoffman Estates was not certain why this was the case.

12. Village of Elk Grove (VOP)

The Village currently charges approximately \$2,500/ month lease rate.

13. Village of Glenview (PAS)

Glenview lease rates are based on calls per hour. The fee is paid per month. Providers pay \$1,300 to \$1,500 for 600 or less calls/ hour; \$1,500 to \$2,000 for 600 – 1,200 calls/ hour; \$2,000 to \$2,200 for 1,200 – 1,600 calls/ hour; and \$2,200 or more for 1,600 or more calls/ hour. Glenview's structure was established with the assistance of consultants.

14. City of St. Charles (PAS)

The City has two leases which are \$28,000 per year (\$2,333/ month) with a 15% annual escalator every 5 years, which is the length of the leases.

15. City of Lockport (PAS)

According to PAS, the single water tower co-location in Lockport belongs to Fox News, which has a lease for \$530/ month.

16. City of Marengo (VGE)

The City has a single co-location that pays \$18,000 per year (\$1,500/ month) with an annual escalator of 3%.

17. Village of Montgomery (PAS)

PAS found that the latest leases have been \$1,800 - \$1,900/ month.

18. City of Warrenville (PAS)

The current rate for water tower co-location is \$2,300/ month with a 4% annual escalator. This is for ground space and six antennae.

19. City of Geneva (PAS)

The City has several leases on water towers, with base rates ranging from \$24,000 to \$36,000 annually (\$2,000 to \$3,000/ month). The City uses a 15% annual escalator over 5 years and upfront payments of \$7,500 to \$10,000 (first quarter payment).

20. Village of Algonquin (VGE)

The Village currently requires an annual payment of \$15,000 (\$1,250/ month) with an annual escalator of 3%.

21. Village of Deerfield (VGE)

The Village requires an annual payment of \$24,000 (\$2,000/ month) with an annual escalator of 4%.

22. City of Elmhurst (VGE)

The City's highest annual payment is \$29,199.67 (\$2,433.30/ month) with an annual escalator of 4%.

23. Village of Glendale Heights (VGE)

The highest annual payment is \$32,288 (\$2,690.66/ month) with an annual escalator of 4%. Other payments are \$29,199 per year, \$29,502 per year and \$24,634 per year.

24. Village of Glen Ellyn (VGE)

The highest annual payment in Glen Ellyn is \$33,025.03 (\$2,752/ month) with an annual escalator that is adjusted annually but is never less than 3%. Other payments range between \$5,286 to \$30,951 per year.

25. Village of Gurnee (VGE)

The Village requires a payment of \$23,004 per year (\$1,917/ month). No escalator is indicated in the research.

26. Village of Homewood (VGE)

The Village has one co-location that pays \$24,000 per year (\$2,000/ month) with an annual escalator of 4%.

27. Village of La Grange Park (VGE)

La Grange Park requires a payment of \$21,000 per year (\$1,750/ month) with an annual escalator of 3%.

28. Village of Lake in the Hills (VGE)

The Village has two co-locations that pay \$22,800 and \$24,000 per year (\$1,900 and \$2,000/ month) with an annual escalator of 3%.

29. Village of North Aurora (VGE)

The Village requires an annual payment of \$19,200 (\$1,600/ month) with an annual escalator of 3%.

30. Village of Willowbrook (VGE)

Willowbrook was listed with a single co-location payment of \$21,996 per year (\$1,833/ month). No escalator was indicated.

31. Village of Woodridge (VGE)

The highest annual payment is \$36,834 (\$3,069.50/ month) and the highest annual escalator is 5%. Five other co-location payments in Woodridge range between \$21,600 and \$29,200 per year (\$1,800 to \$2,433/ month).

32. County of McHenry (VGE)

A co-location on McHenry County infrastructure requires a payment of \$25,200 per year (\$2,100/ month) with an annual escalator of 4%.

33. Village of Arlington Heights (PAS)

The Village does not permit co-locations on any Village-owned facilities.

34. Village of Skokie (PAS)

Skokie does not have antennas on their water towers. According to PAS, a study found that with the restrictions placed on the use of their water towers by the Public Works Department, it was cheaper for wireless communication companies to co-locate on their own towers (or potentially build new towers).

35. City of Park Ridge (PAS)

The City is working on a similar effort like Orland Park. They have commissioned a study to determine what rental arrangements other communities have through the Northwest Municipal Conference.

Orland Park's Proposed New Policy v. Old Policy

Based on the information in this research and the 34 communities that were surveyed, the average base lease rate for co-locations on publicly owned infrastructure is approximately \$2,219.29/ month. The average annual escalator is approximately 3.42%. Under the proposed new policy, Orland Park's base lease rate will be \$780.71 more than that average in 2010. Orland Park's annual escalator will be .42% less than that average.