

CITY OF HAMILTON

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: WARD 13
COMMITTEE DATE: November 14, 2011	
SUBJECT/REPORT NO: Licence Agreement with Bell Mobility Inc. (Licensee) – Dundas Water Tower, Suter Crescent, Dundas (PED11203) (Ward 13)	
SUBMITTED BY: Tim McCabe General Manager Planning and Economic Development Department	PREPARED BY: John Hamilton (905) 546-2424, Ext. 7045
SIGNATURE:	

RECOMMENDATIONS

- (a) That a new licence agreement with Bell Mobility Inc. over the land described as Part of Lot 46, Concession 1, Ancaster Township, known as PIN 17448-0002, and Block 47, Plan 62M-440, Town of Dundas, known as PIN 17448-0020, (Dundas Water Tower) as shown on Appendix “A” attached to Report PED11203, for a term of five (5) years be approved with the following conditions:
- (i) **Rental Rate:** From the date of commencement, being January 1, 2012, Bell Mobility Inc. shall pay rent based on \$25,000 per year net, plus H.S.T. in the first year of the term. The initial annual rent of \$25,000 will increase by 2.5% each subsequent year throughout the term, plus H.S.T.
 - (ii) **Operating Costs:** The tenant will be responsible for paying all operating costs and property taxes, in addition to the rent.

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(iii) Options: The licensee will have the right to three (3), five (5) year renewal options.

Both Bell Mobility Inc. and the City have the right to terminate the agreement upon 365 days written notice.

- (b) That all rent proceeds from the licence described in Recommendation (a) be credited to the former Dundas Capital Reserve Account 108031.
- (c) That the Mayor, General Manager of Finance and Corporate Services, and City Clerk be authorized and directed to execute the licence agreement in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

Bell Mobility Inc. has applied to install a new cell tower on top of the Dundas Water Tower. Bell Mobility Inc. will be permitted to co-locate its service equipment in the enclosed fenced compound area at the base of the Water Tower. The proposed five (5) year licence running from January 1, 2012 until December 31, 2016 at \$25,000 per year represents almost a doubling of the rental rate previously earned on the Water Tower from 1½ years ago, plus the rent will escalate at 2.5% per year after the first year. The proposed licence will allow Bell Mobility Inc. to provide improved coverage in the Dundas area and, more importantly, it will enable Bell Mobility Inc. to handle the increased capacity it has experienced from users since the advent of smartphones. The Dundas Water Tower location is the best in Dundas for a cell tower; the City's Telecommunication Protocol now permits cell towers to be permitted on water towers.

Alternatives for Consideration - Page 4

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial: Proceeds from the licence to be credited to the former Dundas Capital Reserve Account 108031.

Staffing: Staff will take the necessary steps to complete the licence.

Legal: Legal Services Division has been involved in the development of the licence agreement and will continue its involvement until the transaction is completed.

HISTORICAL BACKGROUND

Since 1998 there has been a cell tower located on top of the Dundas Water Tower licensed to the predecessors of Rogers Wireless Inc. Rogers Wireless is also in the process of renewing its existing licence there for a longer term (PED11204), identical to Bell Mobility's proposed licence to ensure that it retains use of this location, which is considered by the cell providers to be the best in Dundas. The Rogers Communication Inc. licence predated the existing Telecommunication Tower and Antenna Protocol which, until recently, prohibited cell towers on municipal water towers. On October 26, 2011, Council approved PW11033(a), which amended the Telecommunication Tower and Antenna to permit cell towers on top of municipal water towers.

Bell Mobility Inc. currently operates a smaller cell tower nearby, which is inadequate to provide the necessary cell coverage. If PED11203 and PED11204 are approved, Rogers Wireless Inc. and Bell Mobility Inc. will co-exist on the Dundas Water Tower, each with their own cell tower. The situation is quite common in other municipalities; the two carriers are accustomed to working together to ensure that none of their antennae cause interference with the other.

POLICY IMPLICATIONS

The recommendations are consistent with the City's Real Estate Portfolio Management Strategy Plan as approved by City Council on November 24, 2004, and Procedural By-Law No. 04-299. On June 29, 2005, City Council approved the Delegation of Authority to staff for the acquisition, disposition or licence of properties as follows:

General Manager or designate not exceeding \$150,000; and,
City Manager or designate not exceeding \$250,000,

Although the amount of the annual licence payments is below the foregoing limits, Council approval is required for licences having a term or commitment of more than five years, as mandated by Council.

RELEVANT CONSULTATION

- City Manager's Office, Legal Services Division
- Public Works, Environment and Sustainable Infrastructure Division

ANALYSIS / RATIONALE FOR RECOMMENDATION

With the licence recommendation being adopted, the City will have secured an increased long term revenue stream commitment at an escalating net rental rate that is 25% above past market levels. Approval of the proposed licence to Bell Mobility Inc. as well as the licence renewal with Rogers Wireless Inc. (PED11204) will enable the City to earn \$50,000 per year in net rent. The cell tower by a competitor (Rogers Wireless Inc.) has existed for 13 years on the Dundas Water Tower and it is barely noticeable to nearby residents. The new cell tower proposed by Bell Mobility Inc. should be equally innocuous. The proposed cell tower will adhere to the guidelines set out in the Telecommunication Tower and Antenna Protocol. The tower will provide cell phone coverage in the Dundas area and allow Bell Mobility Inc. to handle the increased capacity of its customers. In Canada, each household now averages four (4) telecommunication devices. Demand for broadband is growing exponentially since the advent of smartphones.

If approved, the licence agreement with Bell Mobility Inc. will increase the revenue earned from the Dundas Water Tower to \$50,000 per year if a similar lease renewal agreement is also approved for Rogers Wireless Inc. (PED11204).

ALTERNATIVES FOR CONSIDERATION

If this licence recommendation was not adopted, Bell Mobility Inc. will need to search for an alternate location in the area to accommodate its local cell phone coverage. Their existing cell tower location is inadequate to service the capacity of its existing customer base. For example, Rogers Communications Inc. has been unsuccessful in finding an alternate location of equal merit.

Pros:

- Long term income stream secured for the City.
- No need for a freestanding 35 metre high cell tower elsewhere in the area.
- Makes use of the Water Tower location which is by far the best in Dundas for cell carriers.
- Cell phone coverage for Bell Mobility Inc. customers will improve in Dundas.

Cons:

- If this compliant application was arbitrarily declined, it would cause the Telecommunication Tower and Antenna Protocol to lose credibility thereby decreasing our ability to serve an expanding industry.
- The City will lose a reliable source of revenue from a financially credible licensee.

CORPORATE STRATEGIC PLAN

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative & Respectful Organization

- ♦ The Water Tower has provided a home for a cell provider in the Dundas area since 1998. The location is a compromise solution offered by Bell Mobility Inc. to retain the parkland character of the site.

Financial Sustainability

- ♦ Net rental rate escalates annually over the proposed term by 2.5% per year. Lessee has a strong covenant. Rent will be adjusted at the end of each five (5) year term.

Intergovernmental Relationships

- ♦ The cell tower application must adhere to Industry Canada Standards.

Growing Our Economy

- ♦ The rent rate is 25% higher than previously obtained and almost double from 1½ years ago. Together with the proposed Rogers Wireless Inc. licence renewal, rent will increase to \$50,000 per year by January 1, 2012.
- ♦ Approval of the proposed licence will create similar revenue opportunities for other Water Towers within the City.

Social Development

- ♦ It is understood that funds generated from cell towers will remain for use within the ward.

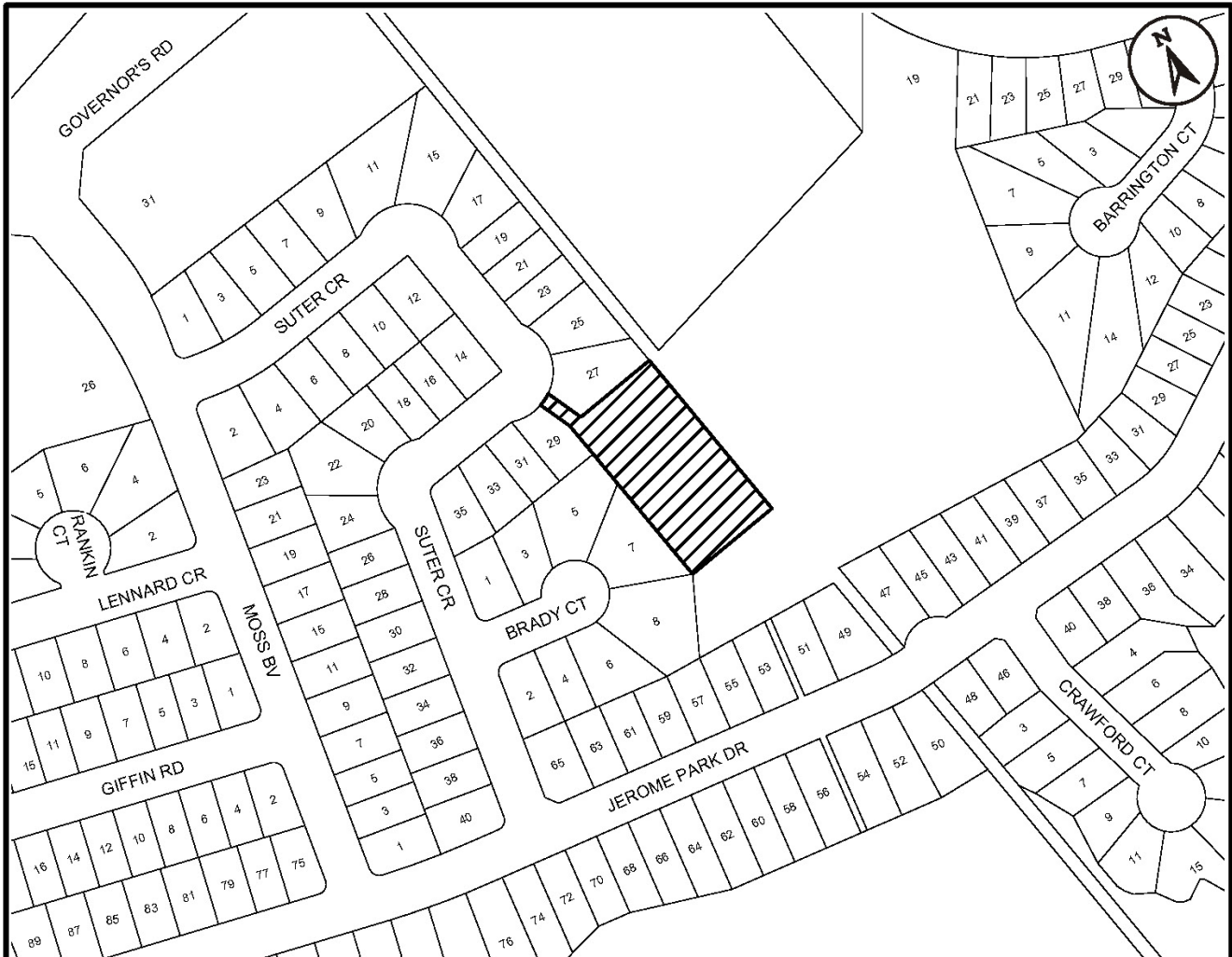
Environmental Stewardship

- ♦ The cell tower is innocuous and not directly noticeable to nearby residents. It makes use of the existing Water Tower facility. An alternate tower would not blend with the surrounding parkland.

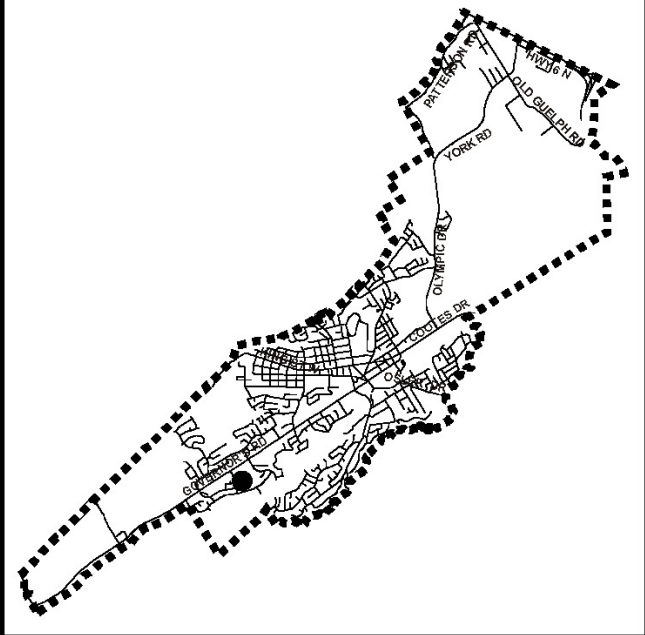
APPENDICES / SCHEDULES

Appendix “A” to Report PED11203 – Location Map

JH/sd



● Location Map



Ward 13 Key Map N.T.S.

Location Map



PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number:
2011-092

Date:
August 17, 2011

Appendix "A"

Scale:
N.T.S.

Planner/Technician:
JH/AL

Subject Property

Dundas Water Tower Suter Crescent
PIN #'s 17448-0002 & 17448-0020