SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-E**

FROM: Steve Mack, General Manager

MEETING DATE: December 5, 2013

Subject: DISCUSSION/ACTION RE DISTRICT ACQUISITION OF PROFESSIONAL ASSISTANCE WITH CELL TOWER NEGOTIATIONS

RECOMMENDED ACTION: Receive a presentation on acquiring professional assistance with the leasing of District property for cell and other communication tower locations.

FISCAL IMPACT: none

DISCUSSION:

The District has property at elevations and locations attractive to companies that provide communication services such as cell phones and radios. We currently have two leases for towers on Mount Jackson and recently went through a proposed lease experience at the Highland Treatment Plant site. Both of these leases terminate fairly soon and will need to be renegotiated.

Staff do not have much experience in the communications business, other than the activities related to the current leases and the proposed leases for the Highland site. We have been contacted recently by firms who specialize in this business – representing public agencies (and perhaps private parties as well) in dealing with the communications industry over leasing their property. In discussions with one representative it is obvious there is much to know regarding this. Some characteristics of the relationship appear to be:

- No upfront costs – these firms make their money after the leases have been negotiated, perhaps in the form of a certain number of months of rent in the case of renegotiated leases.
- Proactive leasing – these firms actively try to lease properties versus waiting to be approached by communications firms.
- Proactively trying to add customers to existing leases – these firms may try to add communication customers to existing towers for a percentage of the added revenue.

If we want to go in this direction how do we make the selection? I have talked to one company but have been contacted by another and I'm certain there are several consulting services out there that can offer these services. Putting out a request for qualifications is a common way to find interested consulting services and find which provide the services and fee structures with which a public agency is most comfortable. A followup interview process can help with the selection as well.

The District has managed cell tower leases for many years and that has provided a steady stream of revenue. We have two leases terminating in the relatively near future and many parcels that may be useful for additional communication tower locations. Professional services may help the District maximize the revenue from these ventures. Alternatively, we can stay with the current approach, keep it simple, and still receive the revenue stream – our Mount Jackson location will always be desirable to someone.