



Legislation Text

File #: 17-350, **Version:** 2

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SUBJECT: Agreement with 5 BARS Communities DBA XG Communities, LLC ("5 BARS") for Wireless Telecommunications Marketing, Facilities Planning, and Evaluation and License Agreement

REPORT IN BRIEF

Consider approving a contract and licensing agreement with 5 BARS to allow the marketing of the City's wireless service infrastructure for City designated sites for wireless services. This is a no cost agreement and the City will receive income in the form of a revenue-share model.

RECOMMENDATION

City Council - Adopt a motion:

- A. Authorizing the City Manager or Assistant City Manager to enter into a contract for a Wireless Marketing Agreement with 5 Bars Communities a dba of XG Communities, LLC; and,
- B. Authorizing the City Manager or Assistant City Manager to enter into contracts for licensing agreements for the duration of the Wireless Marketing agreement.

ALTERNATIVES

- 1. Approve, as recommended by staff; or,
- 2. Refer back to staff for reconsideration of specific items as requested by Council; or,
- 3. Take no action.

AUTHORITY

Charter of the City of Merced, Section 200.

CITY COUNCIL PRIORITIES

As provided for in the 2017-18 Adopted Budget.

DISCUSSION

The Public Private Partnership (P3) with 5 Bars will allow the City to market our infrastructure assets to telecommunication carriers for the placement of advanced wireless services in the community.

Advanced wireless services (5G technology) is moving from a macro based large cell phone towers to micro based small cell deployments. Micro based cell stations require a larger number of smaller locations. The City holds a strong portfolio of assets for micro cell locations. These include City buildings, signal lights, street lights, lift stations, and other vertical assets.

5 Bars will perform the following services for the City:

1. **Asset Inventory:** They will coordinate with City staff to compile a list of assets the City wishes to market. Taking into consideration visual blight aesthetic, location, low carrier coverage areas, and infrastructure assets the City has available.
2. **Carrier Marketing:** 5 Bars will represent the City to the major telecommunication players in the marketing of our infrastructure assets for advanced wireless services at current market rates.
3. **Carrier Agreements and Site Selection.** Negotiate and execute carrier agreements for the initial term of 5 years, with four five (5) year extensions. 5 Bars will provide input, guidance, and market data in regards to rates, best practices and carrier interests. 5 Bars will act in coordination with the City to help carriers select from pre-approved site locations for the placement on City assets.
4. **Planning and Permitting.** Coordinate with carriers on behalf of the City for the planning and permitting of pre-approved assets for advanced wireless services. 5 Bars will become a single point of contact for micro cell site applications. 5 Bars will be the City's advisor and advocate, working closely in collaboration with the carriers to increase carrier participation and generate revenue from the agreements. This process does not take control away from the Planning Department. The City will have final approval of all applications and permits.
5. **Revenue Generation.** The agreement is a revenue-sharing model. The City will receive 65%, and 5 Bars 35% of all revenue. The City will receive a single check from 5 Bars and not have to track separate payments from each telecommunications carrier.

By entering into the agreement with 5 Bars, the City will help ensure the citizens of our community have access to advanced wireless services in a timely manner. Without the marketing and having a pre-approved site selection list, many telecommunication carries will skip our City as being too burdensome to enter into and move to other communities that have streamlined their process.

At the same time of providing enhanced services to the community, the City will also benefit from an enhanced revenue stream. The revenue amount will be based upon the number of small cell sites that are licensed. A new regulation, SB649, is currently under consideration that could significantly reduce the amount of revenue the City receives if we do not enter into a contract. As of June 20, SB649 capped the maximum the City could receive from pole attachment at \$250 per year. It is anticipated by entering into a contract before the passage of SB649 with 5 Bars, the City could significantly increase revenue received. 5 Bars estimated they can negotiate contract rates for pole attachment at \$1,200 per year. On April 17, 2017, the City sent an opposition letter to SB649 to Senator Hueso. The letter of opposition is attached and outlines the reason why SB649 would negatively impact to the City.

If at any point the City is unhappy with the services provided by 5 Bars, we can terminate the agreement at any time.

As wireless services are becoming increasing important to the day-to-day lives of everyone, it is

important that we have an advocate that will help coordinate the expansion of services in our community. Advanced wireless services are important for the future advancement of Smart Cities, help drive economic growth, and help minimize the digital divide.

5 Bars has an extensive background in telecommunications and wireless experience in planning and marketing of wireless networks. 5 Bars has established strong relationships with the carriers and service providers at key levels and possess an extensive background and experience in legislative, regulatory and corporate communication with public policy, corporate strategy, external affairs and strategic partnerships. 5 Bars has already established relationships and agreements with AT&T, Verizon, Sprint, and T-Mobile.

IMPACT ON CITY RESOURCES

There is no expense for the City to enter into the contract with 5 Bars.

ATTACHMENTS

1. Wireless Marketing Agreement
2. License Agreement
3. Right of Entry Agreement
4. SB649 Opposition Letter