

April 29, 2019

To: His Worship the Mayor
And Members of City Council

Re: Finance and Administration Committee: Option to Lease City Property at 2102 Edward Street to Rogers Communications Inc.

RECOMMENDATION

**RECOMMENDATION OF THE FINANCE AND ADMINISTRATION COMMITTEE
- APRIL 9, 2019**

1. That the Option to Lease City of Regina (City) owned property located at 2102 Edward Street (Appendix A) to Rogers Communications Inc. (Rogers) be approved.
2. That Administration be authorized to finalize any other commercially relevant terms and conditions of the lease documents.
3. That the City Clerk be authorized to execute the Option to Lease and Telecommunications Site Agreement documents upon review and approval by the City Solicitor.

FINANCE AND ADMINISTRATION COMMITTEE – APRIL 9, 2019

The Committee adopted a resolution to concur in the recommendations contained in the report.

Recommendation #4 does not require City Council approval.

Councillors: Sharron Bryce (Chairperson), Bob Hawkins, Jason Mancinelli, Joel Murray and Barbara Young were present during consideration of this report by the Finance and Administration Committee.

The Finance and Administration Committee, at its meeting held on April 9, 2019, considered the following report from the Administration:

RECOMMENDATION

1. That the Option to Lease City of Regina (City) owned property located at 2102 Edward Street (Appendix A) to Rogers Communications Inc. (Rogers) be approved.
2. That Administration be authorized to finalize any other commercially relevant terms and conditions of the lease documents.

3. That the City Clerk be authorized to execute the Option to Lease and Telecommunications Site Agreement documents upon review and approval by the City Solicitor.
4. That this report be forwarded to the April 29, 2019 meeting of City Council for approval after public notice has been advertised.

CONCLUSION

The *Regina Administration Bylaw* authorizes Administration to enter into lease agreements for no longer than 10 years. Any lease term that exceeds 10 years requires Council approval. The term of the lease agreement proposed for the Rogers telecommunications tower is a 5-year term with three additional renewals of five years each, totalling twenty years. Therefore, the purpose of this report is to seek approval to lease the said property to Rogers Communications.

BACKGROUND

The Real Estate Branch has been working with Rogers to determine suitable lands for several cell towers within the City of Regina. Rogers has recently signed agreements for four new cell tower locations with the City of Regina and is now requesting this fifth location.

City Council approval is required if: a lease term, including renewals, exceeds ten years; a lease is less-than-market-value; or if the property has not been publicly identified for lease. In this case, the proposed lease is for an initial term of 5 years with three additional options to renew for an additional five years each for a total of twenty years and the lease is not publicly advertised.

DISCUSSION

This proposed site is located at 2102 Edward Street. This parcel of land is not designated as Municipal or Public Reserve but is considered greenspace and is zoned Public Service. Cellular towers are considered a permitted use in all City of Regina zones. The site will be a 10m x 10m macro site. The tower will be a 3-Sector UMTS/LTE (Universal Mobile Telecommunications System/Long-Term Evolution) with an approximate 35m high flush mounted monopole. The closest occupied residence is approximately 40m from the edge of the lease site. The installation described will be engineered, constructed and maintained in accordance with Canadian Standards Association specifications. All drawings and final designs will be reviewed and stamped by a Consulting Engineer licensed by the Association of Professional Engineers & Geoscientists of Saskatchewan. The pole will not be engineered and designed until the land is acquired and the geotechnical work completed to assist in the design of the foundations and structure.

The operation of all radio frequency equipment in Canada is regulated by a Health Canada safety code. Rogers will install and operate this structure on an ongoing basis so as to comply with Health Canada's Safety Code, as may be amended from time to time, for the protection of the general public including any combined effects of nearby installations within the local radio environment. The structures are not usually lighted, but the site will need to meet any necessary aeronautical obstruction marking requirements including painting and/or lighting Transport Canada requests.

Rogers will undertake a public consultation for the proposed installation as per Innovation, Science and Economic Development (ISED) Canada's process once the Option to Lease is executed. This involves a notice in the newspaper and mailing a notification package to everyone with a radius of three times the height of the tower (approximately 105m) allowing 30 days to provide comments or concerns. Upon addressing the relevant concerns Rogers would apply to ISED for approval. Once approval is received from ISED, Rogers would apply for any Development Permits or other Permits required. If the outcome of the consultation and application to ISED is not favourable, Rogers will notify the City that they will not be exercising their option to lease the lands.

The proposed Option to Lease is for one year to allow Rogers to complete their consultation and due diligence. The Telecommunications Site Agreement has an initial term of five years with three renewal periods of an additional five years each. This would have a total term of twenty years. The agreement has been reviewed and approved by the City Solicitor. The Option to Lease consideration of \$500 will be retained by the City regardless of whether the option is exercised or not. The lease rate is set at \$20,000 for the first five-year term with an automatic 10% increase upon each five-year renewal.

Advantages:

- The lease provides a revenue stream of \$464,100 to the City over the next 20 years.
- The approval would support the improvement of cellular infrastructure.
- The parcel supports other infrastructure and is appropriately zoned for this use.

Disadvantages:

- The proposed location for the tower is on a City owned generic parcel (green space, but not dedicated park land), but may draw public concern over its placement.

The terms and conditions of the proposed Telecommunications Site Agreement are as follows:

Subject Property:	10m x 10m site
Tenant:	Rogers Communications Inc.
Leased Term:	Five years with three additional options to renew for an additional five years each for a total of twenty years.
Net Annual Lease Rate:	First five-year term is \$20,000 per year Second five-year term is \$22,000 per year Third five-year term is \$24,200 per year Fourth five-year term is \$26,620 per year
Other Terms:	Lessee shall be responsible for GST and the annual property taxes.

Conditional upon the approval of City Council and the terms and conditions contained within the Telecommunications Site Agreement.

RECOMMENDATION IMPLICATIONS

Financial Implications

The City will realize an initial \$500 in consideration of the City signing a one year lease option agreement with Rogers. Should Rogers exercise this option, the City will realize revenues from this site for up to the next twenty years (at which time a new agreement may be negotiated). Annual revenue will be \$20,000 per year, increasing to \$22,000 after five years, \$24,200 after ten years and \$26,620 for the remaining five years. Payments will be recorded as lease revenue by the Real Estate Branch and be deposited into the Land Development Reserve. The City will also realize property tax revenue for the proposed site.

Environmental Implications

Upon surrender of the premises, the tenant will be responsible to return the site to its previous condition, this will include the removal of all improvements and chattels.

Policy and/or Strategic Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

A copy of this report will be provided to Rogers Communications Inc.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,

FINANCE AND ADMINISTRATION COMMITTEE



Ashley Thompson, Secretary

4/23/2019