THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
March 10, 2010
Report of the
General Manager

COMMUNICATIONS INSTALLATIONS POLICY FOR HOUSING YORK INC. PROPERTY

1. RECOMMENDATIONS

It is recommended that:

1. The Board establish a Housing York Inc. Policy entitled "Communications Installations on Housing York Inc. Property", dated March 10, 2010, in the form attached hereto as *Attachment 1* such that:

   (a) Housing York Inc. adopt a set fee structure for telecommunications licenses on Housing York Inc. residential property and facilities, as set forth in this report which will be consistent with that of The Regional Municipality of York.

   (b) Housing York Inc. adopt the Region's form of Telecommunications Structure Licence Agreement and reflect the fee structure set forth in this report.

   (c) The General Manager, Housing York Inc. be authorized to execute, on Housing York Inc.'s behalf, Telecommunications Structure Licence Agreements respecting licenses of equipment installed upon Housing York Inc. structures and related facilities.

   (d) The General Manager, Housing York Inc. report in the first quarter of each year on the status of Telecommunications Structure Licence Agreements with third parties for the previous calendar year.

   (e) The Regional Municipality of York, non-profit organizations, local municipalities, government agencies, the York Regional Police, and other police services installing equipment for the purpose of enabling interoperability with the York Regional Police, and amateur radio service clubs involved in emergency management planning, as approved by the Region's Emergency Management Branch, be exempt from payment of license fees.

2. PURPOSE

This report is to establish a policy pertaining to the installation of telecommunications equipment by third parties on Housing York Inc. property, primarily building roof tops. The policy will mirror the Region's policy and adopt a similar fee structure for all telecommunications structure license agreements granted on or after April 1, 2010.

3. BACKGROUND

Radio communication is a federally regulated industry

Antennas are essential to the provision of radio communication and the industry is federally regulated through Industry Canada. This federal department has the responsibility for the orderly operation of national radio communication, including approving sites on which antenna systems will be installed.

Housing York Inc. has existing cellular antenna agreements

The former York Regional Housing Corporation established two agreements with two separate cellular service companies for their antenna installations on building roof tops. One is located at Fairy Lake Gardens (468 Eagle Street, Town of Newmarket) and a second at Orchard Heights Place (57 Orchard Heights, Town of Aurora).

Housing York Inc.'s existing fee structure for telecommunications structure license agreements does not reflect current industry practices. The current fee structure set a base amount of $10,000 with an annual increment of five-percent. In 2009, the current annual fee was $14,774.55. Unlike the Region's fee structure, Housing York Inc. does not charge additional license fees when licensees add additional antennae or equipment to a structure.

The continued demand for cellular services has increased the value of antenna site locations and it is worthwhile establishing a policy and new fee structure.

Region retained a consultant to research market pricing and industry practices

To better understand current industry pricing and practices, in 2008 the Region hired View Communications Inc. to research the current market revenue being generated from hosting telecommunication towers, along with the terms being adopted. The company's report formed the basis for the Region revising their policy in 2009.

4. ANALYSIS AND OPTIONS

Option 1—Fee structure based on flat rate fee per building with annual increase

Housing York Inc.'s two current cellular antenna agreements are for five-year terms and based on a flat fee structure with an annual increase of five-percent.

While the flat fee style of agreement is easy to understand and administer, it does not motivate the licensee to make the best use of the roof top space. The licensee may leave old equipment on the roof because there is no individual fee being charged based on equipment. Also, the flat fee does not compensate Housing York Inc. when the Licensee intensifies its use by adding additional antennae or equipment.

Option 2—Fee-for-use structure based on individual equipment and is complicated to administer

Cellular antenna installation requires additional equipment and services over and above the antenna installation, such as electronic equipment, electrical power source and cabling. Therefore, a fee structure could be created for each piece of equipment and service provided. This type of fee structure would provide the greatest motivation for the licensee to minimize their space requirements for their equipment and impact on our operational services. However, this style of variable fee structure also adds significant complexity to the agreement, as well as administrative time to calculate the fee, monitor and reconcile invoicing.

Option 3—Hybrid fee structure which balances the advantages of the flat fee option and fee-for-use option is the recommended option

A fee structure that uses parts of both the flat fee and fee-for-use based on equipment provides the greatest advantages and minimizes the disadvantages. This hybrid fee structure would establish a simple flat rate fee plus additional fees for each antenna and for each application to install antennae or equipment.

The fee-per-antenna structure will motivate the licensee to remove obsolete antennae in order to avoid paying a fee. Additionally, by establishing an application fee for adding additional antennae or modifying existing equipment, the licensee will be encouraged to submit requests strategically rather than adhoc.

The proposed fee structure is consistent with the Region's policy and similar in fee structure. To avoid revenue loss, Housing York Inc.'s fee structure will be one year in advance of the Region's, since the two existing agreements renew in the months of November and December.

Table 1 sets out the new fee structure effective 2010 based on the combination fee structure.

Table 1
Combination Fee Structure

Fee Description	2010 Fee
Annual fee per telecommunication site	$11,025
Annual fee per antenna	$706
Application fee for new installations and for modifications to existing installations	$2,000

The annual fee and the annual fee per antenna will increase each year by five percent, starting January 1, 2011.

The new combination fee structure will increase the overall revenue to Housing York Inc. as demonstrated in Table 2 below.

Table 2
New Combination Fee Structure

Licensee	Agreement Expiry	Total Antennae	2010 Revenue Existing Fee Structure	2010 Revenue with Combination Fee Structure	Change
Carrier A	Nov. 30, 2010	17	$21,329	$23,027	$1,698
Carrier B	Nov. 18, 2011	6	15,513	15,261	($252)
Total		**23**	**$36,842**	**$38,288**	**$1,446**

Notes to Table:
Assumes 5% fee increase for expiring agreement upon renewal if existing fee structure were maintained.
Assumes no antennae are added or removed after introduction of the new fee structure.
Excludes any application fee revenue associated with existing licensees applying for additional antennae installations.

5. FINANCIAL IMPLICATIONS

Introduction of the proposed hybrid fee structure will generate revenues to Housing York Inc. of approximately $38,000 per annum, based upon the assumption that the number of licensed sites and the number of antennae remains consistent with 2009 numbers. The new hybrid fee structure generates a marginal increase to antennae revenue as noted in Table 2. The 5% increase in annual and per antennae license fees ensures reasonable economic increases in future years.

Any licenses currently in place will remain under the current fee structure until their expiration. Upon renewal, the license fees will be calculated in accordance with the new hybrid fee structure.

6. LOCAL MUNICIPAL IMPACT

Telecommunications capability is vital to communities in the local municipalities.

7. CONCLUSION

The policy entitled "Communications Installations on Housing York Inc. Property" should be established to reflect current industry practices. Signing authorities for telecommunications licence agreements should be consistent with Housing York Inc.'s organizational structure and assign responsibilities accordingly.

For more information on this report, please contact Sylvia Patterson, Assistant General Manager, at Ext. 2091.

The Senior Management Group has reviewed this report.

Recommended by:	Approved for Submission:
Sylvia Patterson Assistant General Manager	Adelina Urbanski General Manager

February 24, 2010

Attachment – 1

Edocs #1295269
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Report Wizard v.9 July 21, 2009
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STATUS
Board Approved:

TITLE: Housing York Inc. Communications Installations on Housing York Inc. Property	Approval Date: March 10, 2010

HOUSING YORK INC.

POLICY STATEMENT:

A policy providing the framework for the approval and execution of license agreements for the installation of third party communications equipment on Housing York Inc. (HYI) property and facilities.

APPLICATION:

To all Regional employees providing services to HYI.

PURPOSE:

This Policy provides a framework for the approval and execution of license agreements for the installation of third party communications equipment on HYI property, typically on buildings and facilities.

Permitting third parties to erect communication facilities on HYI property is a source of income to HYI. It also reduces the visual impact of multiple communications towers by locating antennae on HYI's existing buildings.

The growth in the telecommunications industry since 2001 and the fact that space is now at a premium for such facilities, makes it necessary to establish a fee structure reflective of current industry practises and to cover HYI's increasing costs surrounding the granting of these licenses to private and public sector third parties.

DESCRIPTION:

The HYI properties and facilities shall be available to both the public and private sectors for the installation of communications facilities in accordance with the conditions in this Policy.

All entities applying to install communications equipment on HYI property shall obtain, at their own expense, building and any other necessary permits and approvals from the local municipality in which the property is located. All entities are responsible for acquiring and maintaining the necessary radio licenses from Industry Canada or other regulatory or governmental approvals to provide wireless services.

All entities installing communications equipment on HYI property shall enter into a license agreement with HYI for an initial term of five years with an automatic renewal for successive five year periods unless terminated or not renewed by either party.

Licensees shall carry insurance naming HYI as co-insured and shall indemnify HYI against claims arising from their use of or presence on HYI property and facilities.

The licensee may terminate the license agreement upon sixty (60) days written notice. HYI may terminate the license agreement forthwith on written notice in the case of overdue payment, bankruptcy, insolvency, etc., and where HYI believes extenuating circumstances warrant termination.

Agreements shall describe, in some detail, the nature of the installation and the floor or external occupied area involved and shall include a license fee. Changes in equipment or usage shall be subject to HYI approval and corresponding changes in fees.

HYI shall not be liable for any damages or claims arising from interruptions or delays in the licensee's services arising from the suspension of operations or removal of equipment that is found to be interfering with other communications equipment.

There will be an administrative fee for each Telecommunications Request Application Form submitted as outlined in Schedule "A-3" of the license agreement.

Licensees must comply with the Licensing and Site Access Protocol, being Schedule "C" to the license agreement, in performing any work in connection with the installation, alteration, repair or maintenance of its communications equipment.

The Regional Municipality of York, non-profit organizations, local municipalities, government agencies, the York Regional Police and other police services installing equipment for the purpose of enabling interoperability with the York Regional Police and amateur radio service clubs involved in emergency management planning, as approved by the Region's Emergency Management Branch, shall be exempt from the payment of license fees.

License agreements can not be assigned without HYI's consent.

Any licenses granted on or before April 1, 2010, will continue to be subject to the terms and provisions of the applicable license agreement until their expiration or termination, including the fees set forth in the license agreement. Upon expiration, a licensee will be required to enter into a new licence agreement and pay fees in accordance with this Policy.

License Fees

Licenses granted on or after April 1, 2010 are subject to the following fees:

Fees Description	Fees				
	2010	2011	2012	2013	2014
Annual Fee per Telecommunications Site	$11,025	$11,576	$12,155	$12,763	$13,401
Annual Fee per Antenna	$706	$741	$778	$817	$856
Application Fee for New Installations and for Modifications to Existing Installations.	$2,000	TBD	TBD	TBD	TBD

The 2010 annual base fee and fee per antenna will increase each year by 5%, commencing in 2011. The application fee will be initially set at $2,000 unless modified by HYI. HYI may waive the application fee in its sole discretion.

RESPONSIBILITIES:

Housing York Inc:

- Enter into license agreements with licensees and ensure licensees have provided the required proof of insurance.
- Administer the agreement to ensure the licensee remains in good standing and that there are no circumstances that warrant termination.
- Invoice the licensees and record payment activity in accordance with executed agreements.

Legal Services:

- Legal Services shall prepare license agreements on behalf of Housing York Inc.
- The General Manager, Housing York Inc. shall report in the first quarter of each year on the status of license agreements with third parties for the previous calendar year.

General Manager, Housing York Inc. (or designate):

- The General Manager, Housing York Inc. is authorized to execute, on HYI's behalf, Telecommunications Structure Licence Agreements respecting licenses of equipment on HYI buildings and related facilities.

Licensees

- Obtain building and any other necessary permits and approvals from local municipalities, Industry Canada or other government agencies.
- Enter into license agreements with Housing York Inc.
- Carry insurance in accordance with the license agreement.

CONTACT:

A. GENERAL INQUIRIES

General Telecommunications inquiries are directed to the Housing York Inc.'s management office (905) 830-4444, x 2700.

B. INSTALLATIONS ON HOUSING YORK INC. RESIDENTIAL BUILDINGS

Telecommunications requests for installations on HYI buildings and related facilities are the responsibility of the Director, Housing York Inc.

APPROVAL INFORMATION

Board Approval:	Minute No.	Page:	Date: March 10, 2010