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Cell carriers contracts: What needs to be considered

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With over 30 years in telecommunications consulting, one area that I see a lot of confusion and misunderstandings relates to cell carriers. For developers and site managers, the thought of having a cell carrier locate on their property can result in blinders in the shape of dollar signs. This article is not meant to address every issue or concern, but a sample of what needs to be considered.

One of the most confusing and debatable issues, beside the cell carrier contract, is what to charge the carrier. The bottom line is the market and need, how bad does the carrier need the site and what other sites are close by that the carrier could locate to beside yours. Rates can be all over the board, but a range from \$600 to over \$2,000 per carrier per site, per month is common.

The present economy will depress what some carriers are willing to offer, but a soundly structured contract that contains a clause that allow renegotiations at a future point and time over and above standard escalation clauses will help increase the revenue stream. Other carriers, such as AT&T, are looking to expand their presence according to recent articles.

One of the first signs that you have a site a carrier wants to locate on is when you are approached, usually by a company that searches for locations needed by carriers; these companies are most often management companies that work for one or more carrier. To understand your competition and thus your negotiations strength is check with the town/city hall and see who has drawn permits for cell sites.

Look around for mono- poles, towers and antenna attached to buildings. Note that even if you do not see any, many antenna are out of site in church steeples, false roof structures or camouflaged to look like the structure they are attached to. Then of course there are those strange "Frankenstein" trees that tower above everything around them that are so well camouflaged that no one could ever identify it as a monopole (tongue firmly in cheek).

If you are approached, one fact you need to identify first, is the person looking at your site representing one or more carrier. A major reason is to insure that when you go to negotiations and contract, you receive a fee for each carrier. At contract you also want to control and manage carrier changes, additions and enhancement of technologies. The need for wireless sites is growing as the expansion of applications and speed continues to grow. Also consider that the carrier will need common space to locate the actual equipment, and cable to the antenna location, and to access to utilities as power and telephone. When determining what to charge, consider the above.

Also, the impact on the site's insurance needs to be reviewed. This equipment adds a level of exposure. Roof or building attachments, because of weather and maintenance, can become detached. Equipment generates heat and radio frequency and may require warning signs.

At present, I am working with a client and his lawyer on changing a cell carrier contract that required

that the property owners insurance cover the cell carrier's equipment. One potential problem that this presents, beside an increase I suspect in insurance premiums, is the carriers' loss of business due to the outage. What if the carrier looks for compensation? How do you determine the dollar loss? The equipment alone can cost tens of thousands of dollars plus installation. All the generated revenues can be wiped out in a few minutes.

Another client I am working with inherited cell carrier contracts when they bought a building that requires that the owner pay for the entire cost of moving the cell carrier off the building during renovation than back on, cost yet to be determined.

Another recent example that I worked on, involved the merger of Sprint and Nextel, the client was notified that since the merger into one company they were giving the contract notice to discontinue rent based on the merger. One question I had was, will one of the carriers' equipment be removed or will it stay active. If the equipment was to stay active and the antenna attached, than two rents were still do the property owner. The owner is awaiting a reply. Mergers and buy-outs do not mean that equipment is merged; it can take months to combine the technologies, if ever.

Overall, the need for new sites and the expansion of existing sites will continue to rise as new applications and technologies make their appearance one example is the Iphone, with it comes the potential for revenue to a building owner, as long as it's done with open eyes and an understanding of the technologies involved.

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