

Tentative Agreement with SaskTel for Lease of City Land and Road Right of Ways for Cell Towers

ISSUE

Administration has negotiated terms of a pending agreement for SaskTel cell towers on City road right-of-way (ROW) and City-owned lands that requires City Council approval.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council:

1. That Administration be authorized to enter into a road right-of-way agreement with SaskTel for SaskTel's use and installation of equipment on the City-managed road right-of-ways as per the terms outlined in this report;
2. That Administration be authorized to enter into a lease agreement with SaskTel for the installation of a cell tower in Aspen Ridge, niwāhkōmākanak Park, 105 Aspen Ridge Street, on ISC Surface Parcel No. 203746068, MR9 Plan No. 102294716 as per the terms outlined in this report;
3. That Administration be authorized to enter into a lease agreement with SaskTel for the cell tower in Lakewood Urban Centre at 418 Herold Court in on ISC Surface Parcel No. 118517340, Lot 2 Block 434 Plan No. 01SA09948 as per the terms outlined in this report;
4. That Administration be authorized to enter into a lease agreement with SaskTel for the cell tower in Silverwood Heights in WJL Harvey North Park, 290 Russell Road, on ISC Surface Parcel No. 135727083, MR4 Plan No. 79S45903 as per the terms outlined in this report;
5. That Administration be authorized to enter into a lease agreement with SaskTel for the relocation of the Willowgrove cell tower in the Stensrud Road road right-of-way to the adjacent City-owned Wallace Park, 903 Stensrud Road, being ISC Surface Parcel No. 161523255, MR3 Plan No. 101877576 as per the terms outlined in this report; and
6. That the City Solicitor be requested to have the appropriate agreements prepared and executed by His Worship the Mayor and the City Clerk under the Corporate Seal.

BACKGROUND

The City of Saskatoon (City) and Saskatchewan Telecommunications (SaskTel) have a longstanding arrangement for the siting of cellular towers on City land.

On January 21, 2013, Saskatoon City Council adopted the updated [Council Policy No. C09-037, Antenna Systems](#) (Antenna Systems Policy). This Antenna Systems Policy provides a set of requirements and guidelines the City uses to evaluate antenna-supporting structures, including such items as public consultation and land use review. The Antenna Systems Policy is consistent with Innovation, Science and Economic

Development Canada's (ISED) requirements regarding the development of antenna-supporting structures. The Antenna Systems Policy does not deal with any negotiation aspects of the land lease agreement between the two parties. Items such as lease rate, lease term, and any specific terms of the lease agreement are negotiated between landowners and the cell tower company. The Antenna Systems Policy is managed by the City's Development Review Section, Planning and Development Department, Community Services Division.

[Council Policy No. C09-012, Administration of Civic Properties](#), requires that leases of City owned property be at market value.

At its [Regular Business meeting on April 22, 2013](#), City Council received a "Cellular Tower Agreements" report and resolved, in part:

- "2. That City Council authorize the Administration to negotiate with wireless service providers for all future antenna systems and antenna-supporting structures on City of Saskatoon-owned land or infrastructure, as outlined in Attachment 2 of the April 10, 2013 report of the General Manager, Community Services Department;"

No specific fee structure for the use of City land was identified in the guidelines outlined in the April 2013 report. The 2013 report provided approval for Administration to negotiate and enter into future cell tower agreements for all future cell towers with wireless service providers.

DISCUSSION/ANALYSIS

SaskTel places towers on City-owned land (including Municipal Reserve Land) and on road ROW land. These placements carry different implications for the City and are dealt with under separate processes. Appendix 1 lists the cell towers (existing and planned) on City-owned lands and City managed ROW lands.

The Administration has been having ongoing negotiations with SaskTel for several years to establish an agreement that would ensure fair compensation and consistency with respect to cell tower placements within the City moving forward.

The remainder of this report outlines the current process for each placement and the recommended agreement and term with SaskTel.

SaskTel Towers on City-Owned Land (Including Municipal Reserve)

Current Status

Towers on City-owned lands are leased and subject to the April 22, 2013 blanket approval of City Council. Towers on Municipal Reserve are similar but require public notice pursuant to our Public Notice Policy.

Rents vary depending on the original tower height and if the lease has been renewed as most agreements included a rent adjustment based off the Saskatchewan Consumer Price Index.

The most recent cell tower lease the City entered into with SaskTel was for the Churchill Park tower in June 2015. A number of SaskTel cell tower leases were entered into prior to 2015 with annual rents ranging from \$5,000 to \$8,000 depending on tower height. At the time of negotiation, the rents with SaskTel were considered to be market.

SaskTel has plans to relocate several towers from ROW lands to either privately held lands, or to adjacent City-owned lands. Providing an agreement can be reached, SaskTel has plans to install a new cell tower in Aspen Ridge, relocate a tower from Stensrud Road in Willowgrove to Wallace Park and has noted interest for future towers on City-owned lands in other locations.

Through negotiations with Rogers and market research by Administration, the Administration has concluded that lease rates closer to \$21,000 to \$24,000 per year are a more accurate reflection of market value than rates that were historically negotiated with SaskTel. However, SaskTel would like to continue paying below market rate as compared to national providers for towers on City-owned lands.

More specifically, SaskTel has expressed that:

1. SaskTel is mandated by the Government of Saskatchewan to provide access to communications services in both urban and rural areas throughout the province. As more and more people are cutting their landline, they require access to wireless as their sole communications source. Therefore, access to wireless infrastructure and improving communication and public safety is a critical enhancement to the community.
2. SaskTel is committed to enhancing services to the people of Saskatoon and is proud to continue expanding its cellular network to more underserved communities. It believes that the added benefits of improving communication and public safety for the community is a critical enhancement.
3. SaskTel is committed, as a regional information and communication technology provider, to supporting local communities and investing in non-profit and charitable organizations who make a difference in communities across the province.
4. With regard to comparing SaskTel as a regional carrier to the likes of a national carrier such as Rogers, SaskTel is committed to serving all local residents, while national providers typically invest in high-traffic areas in order to increase its revenue.

Recommended Agreement for SaskTel Towers on City-owned Land (Including Municipal Reserve)

Through negotiations with SaskTel, the Administration is recommending that the terms and conditions outlined in Appendix 2 be approved by Committee and City Council.

Through the recommended agreement the Administration acknowledges the business nature of the City and SaskTel's relationship, as well as the community need for cellular coverage. Agreement terms with other carriers for cell tower leases would continue to be negotiated and entered into at the current market value rents and market standard terms, unless said provider can demonstrate they deserve similar consideration as provided to SaskTel. Key terms of the recommended agreement with SaskTel include:

- Lease term of 10 years;
- Annual rent would be calculated based on a base year rent of \$15,000 and a 2% annual increase throughout the Term paid out in equal payments; and
- Co-locations would be allowed for no additional fee.

Revenue from leases on Municipal Reserve lands are deposited in the City's Dedicated Lands Account, which is used for parks and recreation related expenditures.

Revenue from leases on City-owned lands go to the City's General Revenue Account or are directed to the appropriate City Utility that oversees the parcel—such is the case for cell towers on lift stations, water reservoirs, or electrical substations.

SaskTel Towers on Road Right-of-way Land

Current Status

For over a decade, there have been ongoing communications between Administration and SaskTel regarding cell tower lease rates, the use of City managed ROW lands with no agreement/compensation, and other cell tower related logistics. The practice of SaskTel installing cell towers on ROW lands within Saskatoon has not occurred since 2017. SaskTel does not pay the City or have an agreement in place for any of these 13 cell towers on ROW lands.

Recommended Agreement for SaskTel Towers on Road Right-of-way Land

Through negotiations with SaskTel, the Administration is recommending that the terms and conditions outlined in Appendix 2 be approved by Committee and City Council. Key terms of the recommended agreement with SaskTel include:

- The term of the Agreement would be ten years.
- City grants SaskTel use of the ROW lands to install and maintain wires, fibre-optic cables, ducts, conduits, manholes and other accessories, structures, wireless communication towers and associated equipment for both existing and future installations.
- SaskTel agrees to pay a one-time payment (upon agreement execution) in the amount of \$195,000.00 to cover administrative processing costs and for incidental costs associated with the space occupied by the equipment.
- No annual rent would be payable on existing or future ROW placements by SaskTel.

Entering into a right-or-way agreement with SaskTel for the 13 existing towers on ROW lands would result in a one-time payment of \$195,000 to the City. SaskTel would not make any additional payments for any future towers installed on ROW under the context

of the right-of-way agreement. This one-time payment of \$195,000 would go to the City's Dedicated Roadways Reserve.

Conclusion

Administration feels the recommendations in this report are a positive outcome given the long history of the negotiations and the status of SaskTel as a Saskatchewan Crown Corporation. Further, cellular service provided by SaskTel towers is an important amenity to existing and developing areas in and around Saskatoon.

As per [Council Policy No. C01-021, Public Notice](#), public notice would need to be issued prior to the City entering into a lease agreement with SaskTel for cell towers on City-owned lands as the annual rent would be considered below market value.

Public notice is also required for the lease of park and dedicated lands.

FINANCIAL IMPLICATIONS

Having a 2024 SaskTel cell tower base rent of \$15,000 with a 2% annual escalation would result in the City receiving more rent from SaskTel than is currently being collected for cell towers on City owned-lands. If approved, it is anticipated that annual cell tower lease revenues from SaskTel would increase by \$60,000 and this amount would increase as lease agreements come up for renewal and are renewed a higher amount. This additional revenue would be directed either towards the City's operating budget or Dedicated Lands Reserve, depending on if the cell tower is located on Municipal Reserve or not.

In addition to the annual revenue, the City's Dedicated Roadway Reserve would receive a one-time injection of \$195,000.

OTHER IMPLICATIONS

The recommendations from Administration included in this report require public notice under Bylaw 8171 – Public Notice Policy Bylaw, 2003 as the SaskTel cell tower lease rate would be considered below market value when compared to the cell tower lease rates the City is receiving from other cell service providers. As per Appendix 3 and 4, public notice has been issued for both the lease of park land and the lease of City-owned land for less than market value. Public notice was advertised in the Saturday July 20, 2024 edition of the [Saskatoon StarPhoenix](#) and posted on the [City's Public Notice Page](#). For the three towers on park land, site signage of the notice was installed, and the three respective Community Associations were given notice.

NEXT STEPS

If approved, new cell tower lease agreements with SaskTel at rents less than market value, and those on MR regardless of value, would require public notice before being considered by City Council as per the Public Notice Policy. New agreements for cell tower leases at market values and market standard terms that are to be installed on City-owned land other than MR would continue to be negotiated and entered into by Administration directly, pursuant to the 2013 City Council approval.

Any future SaskTel tower installed on ROW would fall under the terms of the ROW agreement.

If approved, Administration would enter into cell tower lease agreement with SaskTel for the following sites:

1. Aspen Ridge, niwāhkōmākanak Park, 105 Aspen Ridge Street, MR9 Plan No. 102294716. This would be a new 35m tower that is planned to be installed.
2. Lakewood Urban Centre at 418 Herold Court, Lot 2 Block 434 Plan No. 01SA09948. This would be for an existing cell tower on a lift station parcel that does not have a lease agreement in place.
3. Silverwood Heights, WJL Harvey North Park, 290 Russell Road, MR4 Plan No. 79S45903. This would be for an existing cell tower that does not have a lease agreement in place.
4. Willowgrove, Wallace Park, 903 Stensrud Road, MR3 Plan No. 101877576. SaskTel is planning for the relocation of the Willowgrove cell tower in the Stensrud Road ROW to the adjacent City-owned Wallace Park and a lease agreement would be required for this tower.

APPENDICES

1. List of Cell Towers on Road Right of Ways and City Land
2. Detailed terms of the SaskTel Agreements
3. Copy of Public Notice Advertisements for the lease of lands for less than fair market value for the niwāhkōmākanak Park, 418 Herold Court, WJL Harvey North Park and Wallace Park towers
4. Copy of Public Notice Advertisements for the leasing of municipal reserve lands for the niwāhkōmākanak Park, WJL Harvey North Park and Wallace Park towers

REPORT APPROVAL

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