

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Dolan Beckel
Jim Shannon

**SUBJECT: T-MOBILE MACRO SITE
PROJECTS**

DATE: April 19, 2022

Approved



Date

04/21/22

RECOMMENDATION

Adopt the following 2021-2022 Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund:

- (a) Increase the T-Mobile Macro Site Permitting City-Wide Expenses appropriation to the Planning, Building, and Code Enforcement Department in the amount of \$515,091;
- (b) Increase the T-Mobile Macro Site Process Reimbursement City-Wide Expenses appropriation to the City Manager's Office in the amount of \$125,000; and
- (c) Increase the estimate for Other Revenue by \$640,091.

OUTCOME

The recommended action will recognize and appropriate revenue from T-Mobile – \$515,091 to fund macro site permitting and \$125,000 to fund process improvements to macro site permitting, consistent with the Funding and Reimbursement Agreement¹ between the City and T-Mobile West, LLC (Agreement).

Approval of the recommendation advances the City of San José's Digital Inclusion and Broadband Strategy goal to promote equity and improve educational outcomes, promote job acquisition and advancement, and improve mental and physical health options. An approval action will extend 5G and technology's reach, as well as empower residents and communities to participate in the digital economy. The licensing of T-Mobile macro sites supports accelerating 5G and back-up power telecommunications resilience improvements. This action also contributes to a more competitive marketplace and improved wireless voice and data availability, speed, and quality for the community, aligning with the Digital Equity initiative of City Roadmap's COVID-19 Pandemic: Community + Economic Recovery enterprise priority.

¹ Funding and Reimbursement Agreement by and between City of San José and T-Mobile LLC.
<https://records.sanjoseca.gov/Contracts/OC-000045-000.pdf>

BACKGROUND

The T-Mobile Macro Site Permitting City-Wide Expenses and T-Mobile Site Process Reimbursement appropriations were established to recognize revenue from T-Mobile pursuant to the Agreement. The Agreement was approved by the City Council on January 29, 2019, and executed by the City Manager on December 2, 2020. The Agreement expires on June 1, 2022. Before expiration, staff expect to extend the expiration by six months – to December 1, 2022, under the City Manager’s authority, pursuant to the terms of the Agreement. Staff will return to City Council if further extension to the end date is necessary.

To date, a total of \$1,150,000 has been recognized in the T-Mobile Macro Site Permitting City-Wide Expenses appropriation and \$250,000 in the T-Mobile Site Process Reimbursement appropriation. T-Mobile provides funding in advance for the macro site permitting work, consistent with the Agreement. The T-Mobile Macro Site Permitting City-Wide Expenses appropriation pays for T-Mobile’s permit fees and the City staff and contracted staff resources related to the Development Services permitting process.

The T-Mobile Site Process Reimbursement funds pay for City staff to manage the T-Mobile agreement, strategize and implement process improvements to streamline the macro site permitting process, and oversee the Macro Site Team spanning the Planning, Building, and Code Enforcement, Fire, and Public Works Departments, as well as the Office of Economic Development and Cultural Affairs.

ANALYSIS

The addition of \$515,091 for this project from T-Mobile for the T-Mobile Macro Site Permitting project will bring the total amount received since 2020-2021 to \$1,665,091. T-Mobile must provide ongoing funding in advance for the permitting work until the Agreement expires or the scope is completed (240 macro site permits issued).

Similarly, an increase of \$125,000 for the T-Mobile Site Process Reimbursement project will bring the total amount received from T-Mobile to \$375,000. T-Mobile must reimburse the City for process improvements at three set milestones, consistent with the Agreement. The first reimbursement was \$250,000, paid within 45 days of the Agreement’s execution in 2020-2021 – this established the T-Mobile Site Process Reimbursement appropriation. The second reimbursement is \$125,000 once 50% of the 240 macro site scope has been permitted, which has been achieved (148 issued to date). The third and final reimbursement is \$125,000 paid once 100% of the 240 macro site scope permits are issued.

CONCLUSION

The recommended action will recognize and appropriate revenue from T-Mobile in the amount of \$515,091 to fund macro site permitting, and \$125,000 for City staff and contracted staffing resources related to the permitting process and T-Mobile's permit fees, as well as process improvements and contract management, consistent with the Funding and Reimbursement Agreement between the City and T-Mobile West, LLC.

EVALUATION AND FOLLOW-UP

Funding for the T-Mobile Macro Site Project will be requested, appropriated, and encumbered as the project progresses, consistent with the Agreement. The project is anticipated to be completed by December 1, 2022. Staff expect to extend the expiration by six months – from June 1, 2022 to December 1, 2022 – under the City Manager's authority, consistent with the terms of the Agreement. Staff will return to City Council if further extension to the end date is necessary.

Status updates on 5G projects, including the T-Mobile Macro Site Project, will be taken to the Smart Cities and Service Improvements Committee and to City Council as needed or referred.

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the May 3, 2022, City Council agenda.

COORDINATION

This memorandum was coordinated with the City Attorney's Office and the Planning, Building and Code Enforcement Department.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

FISCAL/POLICY ALIGNMENT

This recommendation specifically supports the City Council's approvals of the City's Broadband and Digital Inclusion Strategy in November 2017. Further, it aligns with the Digital Equity initiative of City Roadmap's COVID-19 Pandemic: Community + Economic Recovery enterprise priority.

COST SUMMARY/IMPLICATIONS

The addition of \$515,091 for this project from T-Mobile for the T-Mobile Macro Site Permitting project will bring the total amount received since 2020-2021 to \$1,665,091. Similarly, an increase of \$125,000 for the T-Mobile Site Process Reimbursement project will bring the total amount received from T-Mobile to \$375,000. Future funding for the T-Mobile Macro Site Permitting and T-Mobile Site Process Reimbursement projects will be requested consistent with the Agreement and appropriated as the project progresses with a project completion date anticipated by December 1, 2022. If further extension is needed, staff will return to City Council for approval. Any portion of funds remaining in 2021-2022 will be requested to be rebudgeted to 2022-2023 or returned to T-Mobile, consistent with the terms of the Agreement.

BUDGET REFERENCE


The table below identifies the fund and appropriations to fund the Agreement as recommended in this memorandum.

Fund #	Appn #	Appn Name	Current Total Appn	Rec. Budget Action	2021-2022 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
001	R130	Other Revenue	\$327,329,265	\$640,091	Page 286	03/01/2022, 80399
001	214R	T-Mobile Macro Site Permitting	\$550,693	\$515,091	Page 882	02/08/2022, 30717
001	214P	T-Mobile Macro Site Process Reimbursement	\$250,000	\$125,000	Page 891	06/22/2022, 30621


CEQA

Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment.

/s/
DOLAN BECKEL
Director, Office of Civic Innovation


JIM SHANNON
Budget Director

I hereby certify that there will be available for appropriation in the General Fund in the Fiscal Year 2021-2022 monies in excess of those heretofore appropriated therefrom, said excess being at least \$640,091.


JIM SHANNON
Budget Director

For questions, please contact Abigail Shull, Broadband Manager, at (408) 535-8187 or Abigail.Shull@sanjoseca.gov.