

Communication Sites On Washington State Trust Lands

Lease Rent Schedule July 2014 through June 2015

March 2014



Naselle Ridge, Pacific Cascade Region



WASHINGTON STATE DEPARTMENT OF
Natural Resources
Peter Goldmark - Commissioner of Public Lands

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Prepared by:
Product Sales & Leasing
Communication Sites Leasing Program



WASHINGTON STATE DEPARTMENT OF
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Peter Goldmark - Commissioner of Public Lands

Washington State Department of Natural Resources Administrators for Communication Sites

Map of DNR Regions and Offices



DNR Region	Administrators	Phone	Mailing Address
Northeast	Tim Gallagher Linda O'Neal	(509) 685-2708 Work (509) 685-2735 Work	225 South Silke Road Colville, WA 99114
Northwest	Jamie Hitt	(360) 854-2837 Work	919 North Township Street Sedro Woolley, WA 98284
Olympic	Lois Anderson	(360) 819-3030 Cell (360) 902-1686 Work	1111 Washington ST. SE PO Box 47061 Olympia, WA 98504-7061
Pacific Cascade	Walt Pulliam Lois Anderson	(360) 902-1774 Work (360) 902-1686 Work	1111 Washington ST. SE PO Box 47061 Olympia, WA 98504-7061
South Puget Sound	Walt Pulliam Lois Anderson	(360) 902-1774 Work (360) 902-1686 Work	950 Farman Ave. N Enumclaw, WA 98022
Southeast	Chad Unland Becky Kennedy	(509) 925-0935 Work (509) 925-0938 Work	713 Bowers Rd. Ellensburg, WA 98926
Statewide Program Contacts, Olympia	Walt Pulliam Lois Anderson	(253) 736-3212 Cell (360) 819-3030 Cell	1111 Washington Street SE PO Box 47016 Olympia, WA 98504-7016



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Communication Sites on State Trust Lands

Introduction

The Communication Site Leasing Program is a part of the broader trust lands management program. The Washington State Department of Natural Resources (DNR) manages 3 million acres of state trust lands to provide revenue and many benefits for the public. Revenue helps fund construction of the state's public schools, universities, other educational institutions, prisons, and buildings at the State Capitol; and helps fund services in many counties as well as contributing to the state general fund, earmarked for education.

Revenue-producing activities on state trust lands include harvest of timber and forest products, wind power, leasing of agricultural lands (orchards, vineyards, row crops, dry land crops, and grazing), mineral leases, and leasing of communication sites and commercial properties.

The Communication Site Leasing Program manages more than 100 sites across Washington, and distributes more than 3 million dollars in revenue annually that goes to the specific beneficiaries of the trusts.

Communication Sites Program

The program originally began with the placement of surplus World War II radios, and early commercial versions of these radios, in Washington State's fire lookout towers. The Amplitude Modulation (AM) radios were the means of communication between hilltop lookout tower operators that supported the state's fire suppression efforts. A fire lookout operator would relay a report of a fire to the Olympia dispatcher through the other lookout operators. This system was replaced in the 1960s with automated radio repeaters operating on Frequency Modulation (FM). High elevation lookout sites with panoramic views also were a natural fit for communication sites, so eventually, buildings were added by DNR, other state agencies and commercial businesses.

Today DNR's Communication Site Program is meeting the demand for ever-increasing communications infrastructure and technologies with the placement of buildings and towers in many premium locations suitable for AM / FM and Broadcast Radio, 2-Way Radio, Television, Microwave Radio, Cellular and Wireless Broadband applications.

The program leases state trust lands as sites for new communication facilities and for co-locating within DNR-managed facilities. The high elevation sites, especially those that overlook transportation routes and population areas, represent, in many cases, great opportunities for communication sites, especially microwave. Both the private and public agency sectors recognize the value of the sites that have grown considerably over the years.

Communication Site Rent Adjustment Methodology

DNR's rent schedule for Communication Sites leases is published annually. Rent adjustment for the period from July 1, 2014 through June 30, 2015 represents an increase of three percent (3%). The increase is based on communication site industry rent market information. Annual rents typically increase by an average of three percent or the rate published by the Consumer Price Index, Urban Consumer, U.S. City Average, whichever is higher. The following table lists recent rent increases.

RENT ADJUSTMENT RECENT HISTORY

Time Period	Rent Increase
July 1, 2014 – June 30, 2015	3%
July 1, 2013 – June 30, 2014	3%
July 1, 2012 – June 30, 2013	3%
July 1, 2011 – June 30, 2012	3%
July 1, 2010 – June 30, 2011	3%
July 1, 2009 – June 30, 2010	3%
July 1, 2008 – June 30, 2009	3%
July 1, 2007 – June 30, 2008	3%
July 1, 2006 – June 30, 2007	2%
July 1, 2005 – June 30, 2006	2%

Typically a DNR Communication Site Lease is for a ten-year term, and provides that rent is adjusted at the end of each year. DNR calculates rent for equipment not covered by this schedule based upon communication site industry market rate information. Periodically, DNR reviews market rent rates of privately owned or leased communication sites or facilities that house equipment for communication uses similar to those at DNR-managed sites. When possible, these sites are located within a 100-mile radius of the site to be adjusted.

Potential additional fees

In addition to annual rents, each lease may be subject to:

- Leasehold excise tax, as set forth in RCW 82.29A. The current rate is 12.84 percent. Federal, state, county or city governments, and public utility companies are exempt from paying leasehold excise tax.
- Power Fee (DNR-managed facilities only)
- Road Use Fee.
- Assessment Fee at the rate charged by the county in which the site is located.
- Hook-Up Fee (Cable Television.)
- Band Width/Capacity Fee (Wireless Broadband only)

Equipment Charges

Microwave, paging, two-way radio, and translators are charged a unit rate. Cellular and wireless internet installations are charged rates based on total installations.

Terminology

Radio Unit

A radio unit is a transmitter / receiver unit with coaxial or wave guide connection between the transmit unit and antenna or combiner.

Land Mobile Radio or Two-way Radio

A base station or repeater—analogue or digital—operates under Federal Communication Commission (FCC) license or National Telecommunications and Information Administration (NTIA) authorization, generally in the VHF or SHF band. There is one radio unit charge for each transmitter / receiver combination and .5 units for each receiver.

Paging Terminal

FCC licensed or NTIA authorized analogue or digital transmitter operating with or without a receiver. There is one radio unit charge for each transmitter / receiver combination and .5 units for each receiver. A satellite downlink is considered one receiving unit.

Microwave

Analogue or digital terminal or relay equipment in the UHF and VHF range that operates with or without a FCC license or NTIA authorization. There is one radio unit charge for each transmitter / receiver combination and .5 units for each receiver.

Cellular or PCN / PCS

Equipment that operates on the FCC licensed spectrum or designated FCC allocated cellular or PCS / PCN bands. Nextel's iDen is considered cellular.

FM Broadcast and TV broadcast

A transmitter—analogue or digital—that operates on an FCC-licensed FM or TV channel.

FM Translator and TV Translator

A receiver / transmitter—analogue or digital—that operates on an FCC-licensed FM or TV translator channel.

Wireless Internet (Wireless Broadband Internet Service Provider)

A digital receiver / transmitter that generally operates on the unlicensed spectrum.

Special Equipment

Aircraft beacons, seismic sensors, security cameras, cable terminals and other devices. The unit charge or count will be determined on a case-by-case basis.

Communication Site Classes

Site class is factored into the rent for a communication site lease (Class 1 is at the highest rate and Class 5 at the lowest). Several attributes contribute to site classification, including: proximity to users or population centers, proximity to other communication sites, site elevation that increases geographic coverage, road accessibility, and power availability. Individual sites may have multiple classifications based on the degree of importance these factors have to different technologies.

Site Class 1: A site serving a high population density and/or a broad geographic area. High traffic corridors for cellular applications, road access, commercial and standby power are available.

Site Class 2: A site with the same physical qualifications as a Site Class 1, but which does not serve an area of high population density, or which has some limitations reaching a broad geographic area.

Site Class 3: A site with road access, but which does not serve the population density or the geographic area of Site Class 2. May or may not have commercial and standby power available.

Site Class 4: A site with limited road access. Commercial power usually is not available and there is a very low population served.

Site Class 5: A site used only by County Emergency Management Services (EMS), where the county has a population of less than 5,000. If the EMS lessee subleases, others at the site will be assessed under higher site classifications.

For a listing of DNR sites and corresponding site classes, see the DNR Communication Site Program Handbook or the DNR website.

DNR website address: <http://www.dnr.wa.gov>

Non-DNR Facility Rent

Two-Way Radio, Microwave Installations, Television Cable, Translators, Amateur Radio Operators and Paging or Trunking Systems

TABLE 1. NON-DNR FACILITY ANNUAL RENT¹

Site Class	Rent for Land Area up to 2,500 sq. ft.	Plus	Additional Area over 2,500 sq. ft. (\$/sq. ft)	Plus	Rent for Each Radio Unit ²
1	\$3,993	+	\$0.86	+	\$1,031
2	\$3,520	+	\$0.79	+	\$891
3	\$2,818	+	\$0.74	+	\$743
4	\$2,226	+	\$0.51	+	\$591
5	\$1,182	+	\$0.43	+	\$296

Notes

- For Television Cable, rent includes an additional \$0.80 charge for each hookup. Annually, the Lessee will submit a letter to DNR Communications Site Administrator stating the number of cable hookups. This letter is due two (2) months prior to the lease anniversary date.
- For Television Cable, initial rent is negotiated to allow for variables based on different startup scenarios. The above rent applies only when a rent adjustment is being applied to an existing lease.

¹ Rent is subject to additional fees and/or taxes as listed on Page 2, if applicable.

² “Receive Only” rent is 50 percent of the Radio Unit rent.
“Diversity Receivers” rent is 50 percent of the Radio Unit rent.
“Transmit Only” rent is 100 percent of the Radio Unit rent.

DNR Facility Rent

Two-Way Radio, Microwave Installations, Television Cable, Translators, Amateur Radio Operators and Paging or Trunking Systems

TABLE 2. DNR FACILITY ANNUAL RENT¹

Site Class	Floor Space at 4 sq. ft. each ²	Plus	Radio Unit Rent ³	Plus	Tower Pole/Dish Rent
1	\$430	+	\$1,795	+	See Page 7
2	\$430	+	\$1,647	+	
3	\$430	+	\$1,497	+	
4	\$430	+	\$1,350	+	

Notes

- There is an additional one-time charge of \$2,752 per unit (per port) on sites using a DNR combiner system.
- For Television Cable, initial rent includes an additional \$0.80 for each hookup. Annually, the Lessee shall submit a letter to the DNR Communications Site Administrator stating the number of cable hookups. This letter is due two (2) months prior to the lease anniversary date.
- For Television Cable, rent is negotiated to allow for variables based on different start-up scenarios. The above rents apply only when rent adjustment is being applied to an existing lease.

¹ Rent is subject to additional fees and/or taxes, if applicable, as listed on Page 2.

² Floor space charges are calculated on the area encumbered. Rent may be charged for any floor space encumbered by Lessee's possessions.

³ "Receive Only" rent is 50 percent of the Radio Unit rent.
"Diversity Receivers" rent is 50 percent of the Radio Unit rent.
"Transmit Only" rent is 100 percent of the Radio Unit rent.

Tower Rent for Equipment on DNR Towers

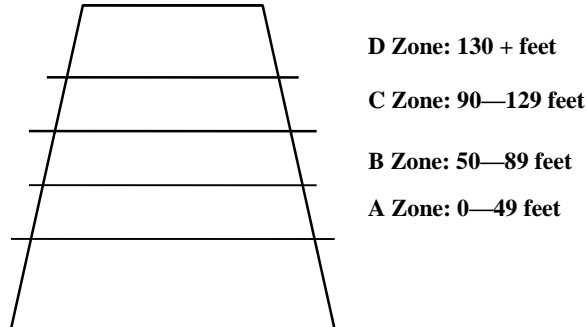


TABLE 3. POLE AND NON-DISH ANTENNA RENT (All Site Classes)

A Zone	B Zone	C Zone	D Zone
\$575	\$654	\$723	\$796

TABLE 4: DISH ANTENNA RENT (Site Class 1)

Dish Diameter	A Zone	B Zone	C Zone	D Zone
2 Feet	\$632	\$690	\$924	\$997
4 Feet	\$1,259	\$1,712	\$1,852	\$1,995
6 Feet	\$1,892	\$2,568	\$2,780	\$2,991
8 Feet	\$2,522	\$3,425	\$3,703	\$3,990
10 Feet	\$3,153	\$4,280	\$4,632	\$4,986

TABLE 5: DISH ANTENNA RENT (Site Classes 2, 3, 4)

Dish Diameter	A Zone	B Zone	C Zone	D Zone
2 Feet	\$571	\$632	\$690	\$744
4 Feet	\$1,146	\$1,263	\$1,380	\$1,490
6 Feet	\$1,719	\$1,895	\$2,066	\$2,237
8 Feet	\$2,293	\$2,522	\$2,760	\$2,981
10 Feet	\$2,867	\$3,159	\$3,451	\$3,728

For irregular shaped dishes, the diameter rent value will be calculated by the greatest distance across a dish.

FM and Television Broadcaster Rent

DNR determines FM and Television Broadcast rents¹ by considering site locations, and broadcast area, ownership of facilities, space used, comparable rents and other variables. Rent is negotiated.

FM and Television Broadcasters fit into three basic categories:

1. DNR offers leases for space in / on DNR buildings and / or towers for Lessee equipment.
2. DNR offers leases for land to Lessee onto which Lessee facilities / towers are constructed, used only by them.
3. DNR offers leases for land on which Lessee's facilities / towers are constructed. Leases are available to third parties— some leased from the facility owners, some leased from DNR.

When negotiating rent, DNR considers whether this is a start-up phase or enhancement of an existing operation.

Under RCW 79.13.520, Non-profit FM and Television Broadcasters may qualify for reduced rent

- All registered Non-Profit FM or TV Districts on a site shall be charged 50 percent of the rent rate, provided funds are made available by the legislature.
- Leasehold tax, road use fees, and power fees also may apply.
- Reduced rents are made available first to existing grantees / lessees on the basis of first-in-time as determined by the commencement date of the initial easement / lease; and secondarily to new applicants if there is funding available from legislative appropriations and space is available at the site.

¹ Rent is subject to additional fees and/or taxes, if applicable, as listed on Page 2.

Cellular and Wireless Broadband Communications Rent

DNR determines the rent¹ for Cellular and Wireless Broadband Communications by considering the site location, population served, ownership of the facilities, space used, comparable rents, band width / capacity fees² and other variables. Rent is negotiated.

Cellular and Wireless Broadband Communications rent fit into three basic categories:

1. DNR offers leases for space in / on DNR buildings and / or towers for Lessee equipment.
2. DNR offers leases for land to Lessee onto which Lessee facilities / towers are constructed, used only by them.
3. DNR offers leases for lands on which Lessee's facilities / towers are constructed. Leases are available to third parties— some leased from the facility owners, some leased from DNR.

¹ Rent is subject to additional fees and/or taxes, if applicable, as listed on Page 2.

² For Wireless Broadband only