

**AWARD OF CELLULAR SERVICE PARTNER LEASE TO NEW CINGULAR WIRELESS PCS, LLC (D.B.A. AT&T)**

- WHEREAS, New Cingular Wireless PCS, LLC (d.b.a. AT&T); Sprint Spectrum Realty Company; T-Mobile West, LLC; and GTE Mobilnet of California Limited Partnership dba Verizon Wireless (Existing Carriers) currently provide wireless services at the Airport under four separate Cellular Service Equipment Sites Leases (Existing Wireless Leases); and
- WHEREAS, the Existing Wireless Leases expired on June 30, 2019, but have continued on a month-to-month holdover basis since that time; and
- WHEREAS, on June 12, 2018, Staff informed the Commission of the Airport's intention to engage a single Cellular Service Provider (CSP) to plan, design, procure, install, operate, and maintain a Neutral Hosted Distributed Antenna System (NH-DAS), pursuant to a single telecommunications lease in replacement of the expiring Existing Wireless Leases; and
- WHEREAS, while San Francisco Administrative Code Section 2A.173 exempts telecommunications leases from the competitive process, Airport staff elected to conduct an informal competitive proposal process (Informal Process) to obtain advantageous commercial terms and that would complement the Airport's objectives; and
- WHEREAS, on December 6, 2018, Staff commenced the Informal Process, releasing the CSP Airport Requirements to six prospective proposers, including each of the Existing Carriers, Crown Castle, and DAS Group Professionals; and
- WHEREAS, on January 31, 2019, the Airport received proposals from AT&T, Verizon Wireless, and DAS Group Professionals; and
- WHEREAS, a four-member panel evaluated the proposals and conducted two sets of oral interviews; and
- WHEREAS, AT&T was determined to be the most responsible and responsive proposer, and, now, therefore be it

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **20-0181**

RESOLVED, that this Commission hereby awards the Cellular Service Partner Lease to New Cingular Wireless, LLC (d.b.a. AT&T) on the terms set forth in the Staff memorandum on file with the Commission Secretary, which include, but are not limited to (i) a lease term of ten years; (ii) an Annual Base Rent of \$2,400,000 for the first year of the lease term with an annual base rent increase of 3% for the term of the lease and (iii) a one-time payment from AT&T of \$28,600,000 for the reimbursement of Airport's costs in constructing and implementing the NH-DAS for the new Harvey Milk Terminal 1 and the Grand Hyatt at SFO; and, be it further

RESOLVED, that this Commission hereby directs the Commission Secretary to forward the Cellular Service Partner Lease to the Board of Supervisors for approval under Section 9.118 of the Charter of the City and County of San Francisco.

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*I hereby certify that the foregoing resolution was adopted by the Airport Commission*  
at its meeting of \_\_\_\_\_

Stamp: OCT 6 2020

OCT 6 2020

\_\_\_\_\_  
Secretary



San Francisco International Airport

**MEMORANDUM**

October 6, 2020

TO: AIRPORT COMMISSION  
Hon. Larry Mazzola, President  
Hon. Eleanor Johns, Vice President  
Hon. Richard J. Guggenlime  
Hon. Everett A. Hewlett, Jr.  
Hon. Malcolm Yeung

**20-0181**

**OCT 6 2020**

FROM: Airport Director

SUBJECT: Award Cellular Service Partner Lease to New Cingular Wireless PCS, LLC (d.b.a. AT&T)

DIRECTOR'S RECOMMENDATION: (1) AWARD THE CELLULAR SERVICE PARTNER LEASE AGREEMENT TO NEW CINGULAR WIRELESS PCS, LLC (D.B.A. AT&T), AS THE NEW SINGLE CELLULAR SERVICE PARTNER FOR THE PROVISION OF CELLULAR SERVICES AT SFO IN REPLACEMENT OF THE CURRENT FOUR EXISTING LEASES; AND (2) DIRECT THE COMMISSION SECRETARY TO REQUEST APPROVAL OF THE LEASE FROM THE BOARD OF SUPERVISORS UNDER SECTION 9.118 OF THE CHARTER OF THE CITY AND COUNTY OF SAN FRANCISCO.

**Executive Summary**

Airport Commission staff (Staff) concluded the informal outreach process (Informal Process) to select a single Cellular Service Partner (CSP) to replace the four Airport Cellular Service Equipment Sites Lease Agreements (Existing Cellular Leases) with New Cingular Wireless PCS, LLC (d.b.a. AT&T), Sprint Spectrum Realty Company, T-Mobile West, LLC, and GTE Mobilnet of California Limited Partnership dba Verizon Wireless (the Existing Carriers), which are currently in month-to-month holdover status as of July 1, 2019. Staff recommends award of the new Cellular Service Partner Lease Agreement (the CSP Lease) to New Cingular Wireless PCS, LLC d.b.a. AT&T (AT&T).

**Background**

The San Francisco Administrative Code Section 2A.173 exempts telecommunications leases from the competitive process. However, Staff elected to conduct the Informal Process in an effort to obtain the most advantageous commercial terms and select a CSP that would complement the Airport's objectives.

On June 12, 2018, Airport staff informed the Commission of the Airport's proposed Informal Process seeking a single CSP to implement, integrate, support, and maintain an Airport Neutral Hosted Distributed Antenna System (NH-DAS) for cellular services at SFO.

On December 6, 2018, Staff commenced the Informal Process, releasing the proposed business and technical requirements for a CSP at the Airport (the CSP Airport Requirements) to the Existing Carriers, Crown Castle, and DAS Group Professionals.

On January 31, 2019, the Airport received proposals from AT&T, Verizon, and DAS Group Professionals (Proposers) in response to the CSP Airport Requirements. Staff determined that the three proposals qualified for scoring and convened a four-member evaluation panel to review and score the proposals. The panel consisted of the following: the Director of Financial Planning & Analysis for the Airport, Director of Application Development and Acting Chief Information Security Officer (CISO) for the Airport, a Principal Infrastructure Engineer for the Airport, and a Property Manager for the Airport.

The Existing Cellular Leases with the Existing Carriers expired June 30, 2019, and subsequently went into month-to-month holdover tenancies. Under the Airport's general policy with respect to lease holdovers, the total holdover period should not exceed 12 months without Commission approval. On June 2, 2020, by Resolution No. 20-0100, the Commission authorized the continuance of holdover tenancies for the Existing Cellular Leases beyond 12 months.

The Proposers each submitted written responses to the CSP Airport Requirements by the January 31, 2019 deadline. Staff conducted the first oral interviews with the Proposers on March 6, 2019. Based on those results, the evaluation panel advanced AT&T and Verizon to proceed to the second oral interviews, conducted on July 10, 2019. Based on the written responses and the results of the oral interviews, AT&T was ranked the highest proposer. On November 8, 2019, Airport Staff notified AT&T that the Airport would enter into negotiations with AT&T for the CSP Lease.

The proposers for this Lease, along with their corresponding scores, are as follows:

PROPOSER	SCORE
<u>Highest Ranking:</u> AT&T	1334.00
Verizon	1281.50
DAS Group Professionals	795.50

The Base Rent for the first lease year is \$2,400,000 with an annual base rent increase of 3% for the term of the lease. The minimum Base Rent for the term of the CSP Lease is a total of \$27,513,310. AT&T shall increase Base Rent by \$600,000 (as adjusted) for each new cellular carrier other than the Existing Carriers wishing to do business at SFO. In addition to Base Rent, no later than 60 days from the Effective Date of the CSP Lease, AT&T will pay the Airport the amount of \$28,600,000 as reimbursement of the Airport's cost to construct and implement the NH-DAS for the new Harvey Milk Terminal 1 and Grand Hyatt at SFO. The lease term is 10 years. Despite the pandemic crisis, AT&T has reconfirmed agreement to the business terms of the CSP Lease.

**Recommendation**

I recommend the Commission award the CSP Lease Agreement to New Cingular Wireless PCS, LLC, d.b.a. AT&T, and direct the Commission Secretary to request approval of the Lease from the Board of Supervisors under Section 9.118 of the Charter of the City and County of San Francisco.

A handwritten signature in black ink, appearing to read 'Ivar C. Satero', is written over a circular stamp or seal that is mostly obscured by the ink.

Ivar C. Satero  
Airport Director

Prepared by: Ian Law  
Chief Information Officer

Attachment