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Rooftop Site Management

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How Building Owners Benefit from Rooftop Antenna-site Management

Experienced and capable rooftop managers prove their worth consistently every day by avoiding disruptions to building operations and by generating sufficient revenue to make their services worthwhile.

By Mike Breslin

Rooftop antenna-site managers have always played an important role in the wireless communications business, but even more so today with new entrants coming into the market and established carriers scurrying to upgrade capacity and extend coverage.

Property owners with tall buildings with broad expanses of roof overlooking densely populated areas are well aware they have valuable property for wireless antenna sites, and they want to exploit their assets to their full revenue potential — but not at the expense of endangering good relations with their other, more valuable tenants. Occupied commercial space is a precious asset in today's slow real estate market.

Managing in the middle

Standing in the middle ground between cellular site acquisition teams and building owners are site management companies such as the CarrierClass Group (CCG), which acts as a specialized real estate agent for the landlord for all things wireless. CCG brings more than 20 years of professional wireless industry experience to the table and provides building owners with informed advice, technical expertise, lease negotiation skills and daily management of complex multitenant sites. In other words, the landlord wants the money,



A multinational pharmaceutical company owns and occupies the 214-foot tall Rollins Building in Wilmington, Del. CarrierClass Group manages the rooftop antenna sites.

but not the headaches, associated with highly technical leasing.

From its headquarters in Plymouth Meeting, Penn., just outside Philadelphia, CCG delivers a wide range of wireless services to building and tower owners, public entities and wireless carriers. Since 1990, CCG's principals have worked with most wireless providers, including AT&T Mobility, Nextel, Sprint PCS, T-Mobile, Verizon Wireless, Clearwire, MetroPCS and Cricket. Other customers for antenna space include SiriusXM and broadband service providers such as Comcast, Mediacom and Level 3.

Wireless experience pays off

Jim Innes, CCG's chief executive officer, has been involved in leasing since the late 1980s. He is a member of the Pennsylvania Wireless Association and has served on its board of directors. "Our market area covers the northeast corridor, from Boston to Virginia," Innes said. "We have a small, full-time staff and several part-timers. We use a number of subcontractors, including leasing agents and people who do the technical work." Innes said the site management component represents about one-third of CCG's business and the balance involves providing technical services for backhaul and transport for a large carrier in the Northeast.

For the past two years, CCG has been managing two major rooftop sites, which means getting them leased and working with virtually all of the main broadband carriers. One is the 214-foot high Rollins Building in Wilmington, Del., and the other is the 395-foot One Gateway Center building in Newark, N.J. "Right now our main involvement is as an antenna site manager, and we act on the leasing side as the building owner's agent in negotiating leases with carriers," Innes said.

Rooftop leasing strategy

Michael Austin, director of operations for CarrierClass Deployment Services, elaborated on the company's rooftop leasing strategy. She said CCG acts as the owner's representative at all times. In that role, the company synchronizes with the property owner to bridge the gap between

the owner's expectations and the specific needs of the tenants.

She explained that before CCG issues the first project draft, the company obtains input from the building owner and the prospective tenant. "If there's a conflict, we vet the tenant to be certain that there are no misunderstandings and that proposed methods of installation and equipment placements are acceptable to the owner," she said. "Once the initial relationship is built, the owner's leasing department takes over to ensure that a license agreement is signed as soon as possible."

A professional site manager comes into play as the broker, sometimes-referee and technology guru.

Austin said that it is rarely that simple when the interests of the building owner and the carrier come into conflict. That is when the true value of a professional site manager comes into play as the broker, sometimes-referee and technology guru in resolving disputes and clarifying lease minutia and technical details to expedite the flow of revenue for the property owner and light up signals for the carrier.

"Because we are rooftop centered, the essence of our leasing process is dictated by our clients, the property owners," Austin said. "One property we manage starts with a document form that the building owner accepts as a baseline. At our other site, the property owner will consider the carrier's form, but he also has a lease form of his own. Our job is to vet and conduct an initial review of either document or further iterations to make sure it is acceptable for our client to even consider."

Stumbling blocks

Innes said that when a carrier or site acquisition team approaches CCG about a lease, the company usually can respond with a draft document within 10 business days. However, when buildings have special requirements, it sometimes takes longer to obtain a draft document.

He cited the Wilmington, Del., building as an example. The Rollins Building is the North American headquarters for a large multinational company. It requires CCG to use its law firm to generate a fresh lease draft after each amendment, a step that Innes said puts some friction in the process.

"What usually slows the process down are client issues — certain client processes don't always mesh well with carrier time expectations," Innes said. "The next step is to get the site acquisition side to accept the owner's draft document, and that often takes some back and forth. Then there's an exchange of comments. What I have found is that once the carrier side has accepted the draft document, there can be some delay on its side while the comments get worked through. In some cases, the comments are slow coming back, and sometimes the requests for changes are off from the original intent of the lease, so that can lead to separate negotiations on the terms and conditions of the lease, and you can spend several weeks on that. At the same time, you are exchanging technical documents. In some cases you have two separate negotiations, one on the implementation side over the proposed configuration as opposed to what is doable at the site, and one talking to another group about the lease terms and exchanging gridlock documents."

Austin commented on the legal aspect of delays. "The biggest obstacle truly is just the language that the attorneys need to agree upon," she said. "Carrier lawyers have the language they want to use, and we have our language that we choose to use. It's often a negotiation of the language being written down."

Austin said that the specific terms are not usually so difficult — a specific amount of time, money and amount of space. Some terms are straightforward, and others are stumbling blocks. "Termination rights are sometimes tricky because the carrier is making a big investment, and they don't want us to be able to terminate the lease," she said. "We represent the owners of the building, and they have to have the right to terminate the lease."

Innes said that CCG normally negotiates a five-year initial lease with three

five-year renewals for a total of 20 years. He said the carriers prefer to see the owners have minimum termination rights, but the owner of the Wilmington site requires termination rights outside the norm for carriers. If the owner needs to take back space for corporate purposes, they have the option to do so on one year's notice.

Renegotiating tactics

Innes said that the number one challenge CarrierClass faces as a site manager is the fast pace of leasing and the sheer volume of sites that the carriers are pursuing for both new networks and 4G upgrades, which often cause confusion. He cited an example: "During the past 18 months, we have either negotiated new leases or substantial upgrades for three major carriers. During that time, their

entire site acquisition teams changed during the negotiations. When you have a lease almost negotiated and the acquisition team you are working with goes away and another team replaces it, that creates a lot of complications."

Innes said that the Newark rooftop location has attracted many leases for microwave antenna space during the past few years, mostly new entrants into the market such as Clearwire. He said that in 2010, the bulk of renegotiation has involved 4G upgrades of existing sites, much of it quite substantial. Even though upgrades are considered to be lease amendments, they nevertheless reopen the lease. In the case of both sites, Innes said, some carriers have been leasing for almost 20 years, so when they engage in a major upgrade well into the terms of their leases, CCG

usually negotiates a new lease because the changes are so significant.

Coping with technical issues

Perhaps the greatest value of a good rooftop manager lies in helping to ensure the safety of technicians working at the site and the building occupants. "We are responsible for all the operational and administrative aspects of the rooftop," Innes said. "We collect the rent, remit it and report to the owner every month, read the meters, bill for the electric, provide ongoing management, manage the security lists, oversee all maintenance and repairs and spend a lot of time dealing with contractors. Anything potentially interfering with the normal operation of the building is our prime concern."

Innes said that if a wireless carrier's contractor needs access to repair an air conditioner, for example, CCG requires information about the tools to be used. "If work involves the use of a brazing torch, it's hot work," he said. "The building owner must issue an internal operating permit so the building is protected and the relevant section of the alarm system is turned off. Imagine the chaos and repercussions of a false alarm in a fully occupied office building."

Innes said both sites are Class A buildings with complicated rooftops. He said that with the pace of wireless network build outs, carriers typically use a large master project contractor. He explained that carriers often come in with a mobile workforce that uses a cookie-cutter process typical of a mass build out. "That process often conflicts with the operational requirements of the building for vetting and technical approvals that any Class A building owner puts contractors through," he said. "From the carriers, I regularly get cookie-cutter lease exhibits, premises descriptions and statements of how the installation is going to be pursued that just don't mesh with the property. That generates a substantial amount of work on the rooftop management side to get everyone on the same page. We try to do that on a patient, friendly basis."

The CCG executive added that his company also has to clear everything with the building's management. He



One Gateway Center in Newark, N.J., is a 395-foot building with its rooftop antenna sites under management by CarrierClass Group.

said it involves a fair amount of back and forth about lease exhibits and construction drawings, antenna mount locations and how to get equipment up on the roof. He said the owners rely on CCG's experience as to what would work best.

"One of our locations has a very nice equipment room up on top and a staircase up from the top floor elevator lobby," Innes said. "Most carriers want to hump the cabinets up, but the owner will not allow it. So unless they come up with a rigging plan to lift up through the stairwell, one that meets with the approval of the owner, they have to do a crane lift. It may take a month or two on the carrier side to determine how to do it."

Creatively solving logistical problems like this are routine, according to Austin. "In 2010, two new broadband service providers were simultaneously doing their Phase I rollouts in the Philadelphia area," she said. "Both were focused on speed as well as build out, and both were tenancing our Wilmington site. Although one carrier had no unforeseen delays, the other experienced a delay due to not receiving equipment on time. In this case, we proposed and managed a joint crane lift so that once all of the main components arrived, including both carriers' BTS cabinets, both build outs could stay on schedule."

Austin mentioned another project solution. "We had an issue with a microwave backhaul carrier that needed to get up and running immediately," she said. "The building owner, however, wanted a photo simulation before approving the install. To save the tenant time and money, we went out and shot a photo series, ensuring that all of the relevant photo view angles were consistent with the owner's requirements. The tenant was able to put the photo simulation together quickly, thus speeding the install process without negatively impacting the budget."

Value proposition

The value of experienced rooftop antenna-site management has proven itself to building owners and real estate investors. Rooftop managers provide a coordination service based on the needs of property owners, building management companies and cellular carriers. Unlike the long-term leases for equip-

ment, rooftop managers must prove their worth consistently every day by avoiding disruptions to building operations and by generating sufficient revenue to make their services worthwhile. They are usually compensated on a monthly fee basis or with a percentage of revenue generated by leases. Because their contracts are usually renewed annually, they

aggressively promote the properties they represent and work hard to attract new tenants. They are eager to help negotiate leases that are fair to both parties and make sure rooftop operations run smoothly every day. ■

Mike Breslin is the owner of Breslin Productions, Midland Park, N.J. His email address is MBrez@aol.com.



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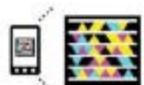
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