



**ARIZONA STATE LAND DEPARTMENT
OFFICE OF APPRAISAL
MEMORANDUM**

TO: Jamie Hogue – Deputy Commissioner, Arizona State Land Department

**THROUGH: Jim Adams – Director of Real Estate, Arizona State Land Department
Sandy Kelley – Manager of Sales/Leasing**

**FROM: Dan Pietropaulo – Appraisal Section Manager, Arizona State Land
Department**

Date: September 16, 2009

SUBJECT: Fee corrections for 2009 Heath Update

The appraiser has provided us with corrected rates for a couple of categories of the telecom mass appraisal. These corrections were noted by him after the posting of the update on the internet and the presentation to the Board of Appeals.

The changes deal with TV Broadcast and AM/FM Radio Broadcast for Maricopa County; and TV Broadcast for Pima County only. These categories were affected in both the Minicell and Macrocell rates schedules. No other categories were affected.

Attached is a copy of the corrected page as of September 16, 2009.

Appraisal Section

Memo

To: Maria Baier, State Land Commissioner
From: Dan Pietropaulo, Appraisal Section Manager
Date: July 16, 2009
Re: Communication Rental Study Update

I have received and reviewed a report entitled: Complete Restricted Market Rental Appraisal for a new Telecommunications Site-Rental Schedule, dated May 18, 2009, authored by The Heath Group. Per the transmittal letter, the author states, "This report is meant to be an update of a site-rental report prepared by this office in 2007. For the sake of this update, we have assumed that there have not been any significant changes to the inventory of the subject sites since that time." Based upon my review of the report, I suggest that the Department adopt the mid-range number from the attached schedule for lease rent, and 50% of the mid-range for Special Land Use Permits (SLUP's) for co-locations, with the following caveats in mind:

1. For the following 2 communication uses, rents and fees for leases and SLUP's should be set at the Department minimum as set by Instructional Memo 11.02: (These are considered "EXEMPT". However, any non-EXEMPT co-locators on these sites will be charged at typical co-location rates based on their specific uses.)

Government / Community Communication Use This group includes FAA (navigation and aviation aids), Department of Defense (military/defense communications and systems) and public safety (police, fire, Border Patrol, FBI, etc.)

Internal Communication These are uses that do not involve the communication services; the services are limited to the user. This group includes Two-way Radio Repeaters, Industrial Microwave facilities, and uses internal to the lessee or Permittee (such as monitoring sites for natural gas transmission, or other intra-company communications use).

2. I reserve the ability to consider the individual site attributes of any site in question, and to adjust rents or fees within OR outside attached schedule accordingly.

Further, the following uses, not included in the rental price matrix, will be calculated based on the following categories in the rental price matrix:

- 1) Local Exchange Networks = MW Relay
- 2) Commercial Communication = MW Relay

- 3) Cable TV = MW Relay
- 4) Internal Communications = MW Relay, Low-Range
- 5) ISP = Cellular-PCS
- 6) Translators = Television, Low-Range

Macrocell/Minicell

A Macrocell site is defined as having a demised (enclosed) area of .75 acre to 8 acres.

A Minicell site is defined as having a demised area of .02 acres to less than .75 acres.

Land area will be limited to only the amount needed for the application specific purpose.

Bundling Of Services

Services bundled by the same provider, such as cable TV, and delivered to the same end user will be charged the rate commensurate with the highest use/rate.

Communication Site Inventory

The site inventory is a critical component of the application package as it is the basis for establishing the rental rate for the lessee. When the Department is unable to obtain the inventory information from a provider, staff may use the best available information to establish an appropriate rate for the site under these guidelines.

The provider will be required to submit to the Department for its review all verification materials including, but not limited to, FCC licenses, certificate of corporate affiliate status, sub-tenure agreements, corporate resolution for signing authority, etc.

Co-Location

Co-location on leased sites is encouraged when possible and compatible. Each co-locator will pay to ASLD a rate equal to 50% of the base rate for that specific use.

Access

Leased locations requiring linear Right-Of-Way access across other ASLD lands will require separate Right-Of-Way documents and fees in addition to the Communication Site rates. Access to co-located sites under SLUP's may be included within the SLUP, at the Department minimum rates.

