



June 26, 2017

The Honorable Ben Hueso  
California State Senate  
State Capitol Building, Room 4035  
Sacramento, CA 95814

**RE: SB 649 (Hueso) Wireless and Small Cell Telecommunications Facilities  
Opposition from the Mayors of Oakland, San Francisco, San Jose, Long Beach, Santa Ana  
and Los Angeles**

Dear Senator Hueso:

As the mayors of some of California's largest cities, we respectfully oppose SB 649 related to the permitting of wireless and small cell telecommunications facilities.

Broadband internet access is no longer a luxury, it is an essential gateway to education, jobs, and, increasingly, access to services. Teenagers with home broadband are 6-8% more likely to graduate from high school and we see a 0.3% employment increase for every 1% increase in digital inclusion.

In California 15% of Hispanic or Latino residents and 40% of low-income groups are not connected. In fact, although this bill claims to "ensure benefits of innovation are reaching every community," it undermines our efforts to ensure these populations are reached or that pricing to consumers, which is the number one barrier to digital inclusion, will be lowered. Additionally, the over 2 million households in rural California are excluded from this bill as small cell technology is not appropriate for rural settings.

In fact, this bill subsidizes the private sector with below market rates for the usage of public assets paid for by city residents. Telecom carriers are estimated to make over \$580B in revenue on 5G services at a 30-40% profit margin. Additionally, small cell deployment will lower costs by 12-57% for these carriers. The public should not further subsidize these businesses at the expense of fair compensation to the public.

The "cost-based" fees proposed by SB 649 fail to adequately compensate the public for infrastructure they paid for while allowing these corporations to then sell back services to the very same public with no performance guarantees. Cities, and the public, are set to lose millions of dollars in revenue that will be transferred directly to corporations under this bill. In contrast, "market-based" rates that account for the value of these assets and allow cities to charge higher prices for denser, more profitable areas and subsidize or reduce fees for less attractive areas of cities is a more effective way to drive digital inclusion and ensure broadband deployment is equitable.

Our cities have developed reasonable regulations that balance the desire for rapid expansion of services with the need to protect public health, safety and quality of life. This bill would force cities to allow

installation of facilities even where such installations threaten public safety or conflict with approved standards. State law should not prevent cities from performing one of their most important jobs: ensuring public safety.

This bill will prevent innovation and competition in the broadband market. The current legislation is biased to incumbent players and can stifle innovation from new entrants due to excessively long lease terms that do not include performance metrics for the industry. Legislation can effectively “lock out” new entrants, which will prevent breakthrough technologies from emerging to meet broadband deployment goals. Broadband deployment has not been hampered by reasonable regulations cities have developed; large cities have issued thousands of permits to carriers already with hundreds more in the works.

As mayors of our respective cities we have supported and continue to support the deployment of wireless facilities and broadband internet to ensure our residents have access to high quality telecommunications services, bridge the digital divide, and foster innovation. However, SB 649 is fundamentally flawed as it does not take a comprehensive approach to ensure the benefits of broadband are fully realized by all communities.

For these reasons, we respectfully oppose SB 649.

Sincerely,



Libby Schaaf  
Mayor  
City of Oakland



Edwin M. Lee  
Mayor  
City and County of San Francisco



Sam T. Liccardo  
Mayor  
City of San Jose



Eric Garcetti  
Mayor  
City of Los Angeles



Miguel Pulido  
Mayor  
City of Santa Ana



Robert Garcia  
Mayor  
City of Long Beach

This letter reflects the opinions solely of the signatories.

Cc:

The Honorable Edmund G. Brown Jr., Governor of California  
The Honorable Anthony Rendon, Speaker of the Assembly  
The Honorable Cecilia Aguiar-Curry, Chair of the Assembly Local Government Committee  
The Honorable Miguel Santiago, Chair of the Assembly Communications and Conveyance Committee  
The Honorable Lorena S. Gonzalez Fletcher, Chair of the Assembly Appropriations Committee