

AGENDA ITEM #: _____

DATE: March 23, 2020

CAR #: 2020-6881



CITY COUNCIL ACTION REPORT

SUBJECT: Sprint Communications Company L.P. License Agreement

STAFF PRESENTER(S): Linda Beals, Real Estate Coordinator

OTHER PRESENTER(S): None

Summary: Council to consider approval of a five-year license agreement between the city and Sprint Communications Company, L.P., a Delaware limited partnership to install, operate and maintain a fiber optic communication system within the city.

Recommendation:

ADOPT RESOLUTION NO. 2020-2033 AUTHORIZING THE CITY MANAGER OR HER DESIGNEE TO EXECUTE THE LICENSE AGREEMENT BETWEEN THE CITY OF GOODYEAR AND SPRINT COMMUNICATIONS COMPANY, L.P., A DELAWARE LIMITED PARTNERSHIP, PROVIDING FOR THE CITY MANAGER OR HER DESIGNEE TO EXECUTE AMENDMENTS TO THE LICENSE AGREEMENT ASSOCIATED WITH MINOR SCRIVENER'S ERRORS, AND TO ENTER INTO SEPARATE AGREEMENTS FOR IN-KIND EXCHANGES OF FIBER, CONDUIT AND/OR JOINT TRENCHING FOR THE CITY'S USE.

Fiscal Impact: Sprint Communications Company, L.P. will continue to operate and maintain their existing network and they will fund any future expansions of their fiber network within the city of Goodyear. The license agreement provides for \$0.89 per linear foot annually for the use of the rights-of-way. Based on the existing 32,577 linear feet, the annual fee will be would be \$28,994 from Sprint. The previous Sprint license agreement was at the rate of \$1.50 per LF but has been reduced to the \$0.89 linear foot rate to be consistent with the city's recent fiber license agreements, which results in a \$19,872 reduction in annual revenue. This rate was reduced and is based upon actual costs associated with utilizing the City's right of way.

The license agreement provides the parties with the ability to enter into a separate agreement for in-kind exchanges of fiber, conduit, and/or joint trenching for the city's use. The issuance of this license agreement will not result in a City expenditure.

Background and Previous Actions

Sprint is requesting a fiber license agreement from Goodyear to install, operate and maintain the fiber optic network within city rights-of-way. The locations planned for connections are throughout the city limits of Goodyear.

The license includes the following:

1. The initial term of this license is for five years.
 - a. Renewal fee is \$2,500 every five years
2. This is a non-exclusive license that allows the city to issue multiple licenses to vendors.
3. Sprint will be required to obtain permits from the city through our standard process.
4. Sprint is liable for damages to rights-of-way and other utilities.
5. The amount of cable currently existing within the city rights-of-way is approximately 32,577 linear feet.
6. The agreement provides the ability for the parties to enter into a separate agreement to offset the annual fee with in-kind exchanges of fiber, conduit, and/or joint trenching for the city's use.

Staff Analysis

The license agreement will allow Sprint to operate a fiber network within the city. This network will be used by various businesses operating within the city. The license will grant the necessary rights-of-way access to enable the required permitting and inspections for installation, operation and maintenance of the network.

The annual fee of \$0.89 per linear foot in the license agreement is consistent with other fiber licenses recently entered into by the city. As with other agreements, we have provided alternative language which allows for the exchange of in-kind services to offset the annual fee. Sprint is not proposing any additional fiber lines at this time, but will have the ability to install additional lines in the future.

Attachments

1. Resolution 2020-2033
2. License Agreement