



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 30

Agenda Date: January 26, 2023

In Control: City Council A Session

DEPARTMENT: Information Technology Services Department

DEPARTMENT HEAD: Craig Hopkins

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

License Agreement with Centric Fiber, LLC, for the installation of fiber optic cable facilities in the City Rights-Of-Way to provide broadband internet access service.

SUMMARY:

Ordinance approving a non-exclusive license agreement with Centric Fiber, LLC (Centric) for use of City rights-of-way to install, own, operate and maintain fiber optic cable facilities in the City Rights-Of-Way to provide broadband internet access services. Revenue generated by this agreement is estimated to be \$18,900.00 in FY 2023 and \$37,800.00 annually thereafter which will be deposited into the Information Technology Services Fund.

BACKGROUND INFORMATION:

State law generally provides a comprehensive regulatory framework that grants access to municipal rights-of-way ("ROW") for the installation of facilities relating to cable and telecommunications services. However, broadband internet access services are considered by federal and state law to be "information services" that are not subject to public utility style regulation according to the rulings of the Federal Communications Commission. Therefore, the City has created a permitting process for handling requests for use of the City rights-of-way for broadband internet access service that is informed by federal guidance and best practices in the

broadband industry.

Centric provides broadband internet access service, working with builders to install fiber infrastructure during development. Centric is headquartered in Montgomery County, Texas, and is a wholly owned subsidiary of Centric Infrastructure Group. Centric Infrastructure Group provides natural gas and broadband service, to four major metropolitan areas of Texas, Houston, Austin, San Antonio, and Dallas – Ft. Worth.

City Staff negotiated a non-exclusive license agreement with Centric to provide compensation of 3% of gross revenues. The compensation rate is identical to previous license agreements for similar services. The agreement includes an audit provision and provides for compliance with the City's ROW Management Ordinance and Excavation Manual. The initial term of the agreement is twenty (20) years with automatic successive five (5) year renewal terms unless one party provides six (6) months prior notice of their intent not to renew or unless the agreement is earlier terminated.

ISSUE:

Approval of the License Agreement will provide a mechanism for Centric to provide compensation for services not currently addressed in the Local Government Code.

ALTERNATIVES:

If the license agreement is not approved, a gap in the ROW compensation structure for communication companies will continue to exist and residents of the certain subdivisions who were to receive service, will have to find an alternative provider of internet service.

FISCAL IMPACT:

This ordinance authorizes a license agreement with Centric Fiber, LLC, (Centric) for the use of city rights-of-way for the installation of facilities for broadband internet access service. In exchange for the non-exclusive use of the city's right-of-way, Centric will pay the City 3% of gross revenues. The revenue generated by this agreement is estimated at \$37,800.00 annually with a FY 2023 prorated fiscal impact of \$18,900.00 which will be deposited into the Information Technology Services Fund.

RECOMMENDATION:

Staff recommends approval of the license agreement.

