



City of San Antonio

Agenda Memorandum

File Number: 17-6325

Agenda Item Number: 12.

Agenda Date: 12/7/2017

In Control: City Council A Session

DEPARTMENTS: Transportation & Capital Improvements Department

DEPARTMENT HEADS: Mike Frisbie, P.E.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Amendment: Master Lease Agreement with Google Fiber Texas, LLC

SUMMARY:

An ordinance authorizing the first amendment to the Master Lease Agreement between the City of San Antonio and Google Fiber Texas, LLC cancelling the right of Google Fiber Texas, LLC to use 16 of 17 City property sites.

BACKGROUND INFORMATION:

On February 19, 2014, Google Fiber announced their proposal to build fiber-to-the-home (FTTH) broadband networks in thirty-four (34) cities within nine (9) metropolitan areas across the country, including the City of San Antonio. Google Fiber proposed the deployment of a broadband network to consumers delivering one (1) gigabit speed for downloading and uploading data to the Internet. This tier of Internet connectivity will also have far reaching positive implications for educational access and research capabilities, as well as for encouraging entrepreneurs to pursue the development of new business models.

Previous Council Action

On March 13, 2014 City Council, via Ordinance No. 2014-03-13-0153, authorized the City to enter into a Master Lease Agreement with Google Fiber Texas, LLC for the use of City-owned property for the installation of prefabricated communications equipment shelters, referred to as "Network Huts" in the Master Lease Agreement. The agreement outlined the terms of access and annual rent requirements for the anticipated installation of approximately 40 communication equipment shelters.

For the next 17 months, the City worked with Google Fiber to identify City owned sites that were agreeable for use. The parties signed the Master Lease Agreement effective August 27, 2015. The signed Master Lease Agreement included exhibits on 17 City-owned properties that the City agreed to lease to Google Fiber for the installation of Network Huts. Currently, only one Network Hut exists on City-owned property and it is located at 1401 N. Hamilton (West End Park).

Due to advancements in technology, Google Fiber no longer needs access to the remaining 16 properties identified in the signed Master Lease Agreement which the company is currently leasing. Approval of this ordinance will terminate all lease rights under the Master Lease Agreement associated with those 16 City-owned properties.

ISSUE:

This ordinance authorizes the first amendment to the Master Lease Agreement between the City of San Antonio and Google Fiber Texas, LLC for the use of City property for the installation of prefabricated communications equipment shelters.

The Master Lease Agreement with Google Fiber established the use of City-owned property for the purpose of installing 17 prefabricated communications equipment shelters for the deployment of a city-wide fiber optic network. As a result of advancements in technology, Google Fiber no longer needs the remaining 16 leased sites to establish equipment shelters. This amendment will terminate Google Fiber's lease rights under the Master License Agreement on 16 City-owned sites no longer needed. Google Fiber will maintain one lease located at 1401 N. Hamilton (West End Park).

ALTERNATIVES:

City Council could choose not to approve this ordinance, however, the 16 leased sites will continue to be subject to the Master Lease Agreement and not available for other uses by the City.

FISCAL IMPACT:

Annual rents per site were established at \$2,250 per year subject to an annual 3% escalation factor. This amendment authorizes the reduction of City-owned leased sites from 17 to 1 and will reduce the annual rent payments from approximately \$38,000 per year to \$2,250 per year, subject to the 3% annual escalation factor.

RECOMMENDATION:

Staff recommends approval of this ordinance to amend the Master Lease Agreement, which will remove 16 of the leased City-owned properties from the Master Lease Agreement and reduce the annual rent payments owed by Google Fiber Texas, LLC.