



# City of San Antonio

## Agenda Memorandum

**File Number:**17-1013

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**Agenda Item Number:** 15.

**Agenda Date:** 4/6/2017

**In Control:** City Council A Session

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**DEPARTMENT:** ITSD

**DEPARTMENT HEAD:** Kevin Goodwin

**COUNCIL DISTRICTS IMPACTED:** City Wide

### **SUBJECT:**

Fiber license agreement with Charter Communications (“Charter”), for the non-exclusive use of specific city property for installing and maintaining fiber optic cable, conduit, and related facilities to support cable and video services.

### **SUMMARY:**

This Fiber License Agreement would grant Charter use of 5,765 square foot of City property for a conduit bore between Nueva and Dolorosa streets and two 100 square foot fiber vaults on Calder Alley for installing and maintaining fiber optic cable, conduit and related facilities to support cable and video services. The term of the agreement is 10 years and in exchange for this license term, Charter will install conduit in multiple locations for the city’s private use.

### **BACKGROUND INFORMATION:**

Bexar County and the San Antonio River Authority, in coordination with the City of San Antonio, are in the midst of the design phase of the San Pedro Creek Improvements Project, which will transform the creek to improve its function in flood control, revitalize natural habitat and water quality, and catalyze economic development. The project will start at the tunnel inlet near Fox Tech High School and wind through the western side of Downtown to the creek’s confluence with the Alazan and Apache Creeks.

Charter and the City both maintain separate underground fiber optic cable routes that run west to east along Nueva, Dolorosa, Commerce, and Houston Streets that will be directly impacted by this project and the fiber must be relocated. To minimize disruption to the downtown area, Charter and the City have agreed to share a

common underground trench. Charter would fund the construction project and install a fiber conduit for the City's private use in exchange for an in-kind contribution of equivalent value of \$213,286.00. In this case, a 10-year fiber agreement to use 5,965 square foot of City property for a conduit bore between Nueva and Dolorosa streets and two 100 square foot fiber vaults on Calder Alley.

The City through its Center City Development and Operations Department has conducted a valuation of the required 5,965 square foot area needed for the ten-year license agreement with Charter. Based on a \$45.00 per square foot market value with a 6.5% return with an escalation factor of 4% over a ten-year licensing period with a \$3,500.00 processing fee, the cost of the license is \$212,978.00.

As provided for in Chapter 37, Section 21(b)(3) of City Municipal Code, the in-kind contributions provided by Charter are approximately equivalent to the proposed total licensing fee for the term of the license agreement and are allowable as in-kind compensation to the City.

#### **ISSUE:**

Approval of the License Agreement will make available to Charter 5,965 square foot of City property for a conduit bore between Nueva and Dolorosa streets and two 100 square foot fiber vaults on Calder Alley valued at \$212,978.00. In return, Charter will construct a shared common fiber trench and install a fiber conduit for exclusive use by the City which is valued at \$213,286.00.

#### **ALTERNATIVES:**

If the License Agreement is not approved, Charter must find an alternate fiber route which does not use City property. In addition, the City would need to construct its own underground fiber trench and fiber conduit.

#### **FISCAL IMPACT:**

This ordinance approves a license agreement with Charter to install fiber and conduit on City property in return for an in-kind contribution of construction work and fiber conduit installation valued at \$213,286.00.

#### **RECOMMENDATION:**

Staff recommends approval of the License Agreement.