



City Council Report

Date: February 10, 2020
To: City Council
Through: Kari Kent, Assistant City Manager
From: Elizabeth Huning, City Engineer
Marc Ahlstrom, Assistant City Engineer
Subject: Communication License Agreement for Crown Castle Fiber
(Citywide)

Purpose and Recommendation

The purpose of this report is to request Council approval for a Communication License Agreement (License) for Crown Castle Fiber (Crown) for an initial five-year term with one additional automatic five-year renewal option. The proposed non-exclusive License has a ten-year combined term.

Staff recommends that Council authorize the City Manager or his designee to execute this License on behalf of the City.

Background & Discussion

Crown applied for a License to work within the City's rights of way and easements to install, operate, and maintain a conduit and fiber optic cable-based communications network.

Crown is a Competitive Local Exchange Carrier (CLEC) certified with the Arizona Corporation Commission to provide telecommunication services within the State. Crown is a "carriers' carrier" providing communication transport services for voice and data traffic through underground conduit and fiber optic cables and equipment, including antennas mounted on City owned streetlights.

Crown will build approximately 73 miles of conduit and fiber optic cables with a tentative construction start in May 2020. The project will be citywide. The City will receive a phasing schedule in February 2020, at which time they will begin submitting for permits.

Alternatives

City Council could consider different licensing language. Furthermore, City Council could choose not to authorize this License.

Fiscal Impact

Crown's transactions with its customers will be subject to City transactional privilege taxes. Arizona State Statutes set parameters on license fees that local government may charge directly to telecommunication companies for the use of City property. Specifically, facilities that provide intrastate telecommunications are exempt from the rights-of-way use fees. Crown has warranted that its system will be dedicated exclusively to providing services that are thus exempted by state statute. Nevertheless, if at any time Crown cannot make such a warranty, it must pay the City's annual per foot fee of \$1.89 for any portion of its network carrying non-exempt services.

Crown will pay all permit, traffic control, and material testing fees related to the construction, installation, and maintenance of its network.

Crown paid \$4,000 for the creation of the License which covers the City's cost for processing this application.

Coordinated With

This License was coordinated with the City Attorney's Office.