



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 12/3/2019

ALL

Item Creation Date: 11/12/2019

ARA-Sprint Communications Franchise

Agenda Item#: 95.

Background:

The Administration & Regulatory Affairs Department (ARA) recommends that City Council approve an ordinance granting Sprint Communications non-exclusive right to use the public rights-of-way to operate a fiber optic network for the purpose of providing telecommunication services.

Sprint Communications ("Sprint") currently holds a network facilities franchise under Ordinance No. 2009-1393 which will expire on December 31, 2019. The City currently has 2 network facilities franchises. Network facilities franchises are for facilities that are not covered under Chapter 283 of the Texas Local Government Code, regarding voice and local telephone exchange service, and Chapter 284 of the Texas Local Government Code, regarding wireless facilities.

The proposed ordinance grants Sprint the right to use the City's public rights-of-way for the purpose of providing telecommunication services. In consideration for this grant, the franchisee agrees to pay to the City an annual franchise fee of \$2.26 per linear foot escalated for CPI-U annually. The franchise allows for compliance reviews to monitor and collect franchise fee payments, contains a late payment provision of 12% per annum, compounded daily, and maintains the City's Chapter 40 police powers over Sprint's activities in the public way. The franchise agreement also contains the City's standard release and indemnification, default and termination, and force majeure provisions. The proposed initial franchise term is 5 years, ending on December 31, 2024 with one automatic five (5) year term renewal on the same terms and conditions as the Initial Term, unless either the City or Grantee chooses not to renew.

The notice of grant of franchise proposal to Sprint Communications Company L.P., including the name of the franchisee, description of the nature of the proposed franchise, and location where the ordinance can be found, will be published in the Houston Chronicle for three consecutive weeks as required by City Charter.

For FY 2020, the total franchise revenue to the City is projected to be \$46,600.

Departmental Approval Authority:

DocuSigned by:

Handwritten signature of Tina Paez in black ink.

Tina Paez, Director

Administration & Regulatory
Affairs Department

Other Authorization

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