



Recommendation for Action

File #: 21-2734, **Agenda Item #:** 52.

8/26/2021

Posting Language

Approve an ordinance granting ZNET Texas, LP a license for placement of facilities in the public right of way.

Lead Department

Telecommunications and Regulatory Affairs.

Amount and Source of Funding:

\$16,650.75 in FY21 - General Fund Revenue

Fiscal Note

No fiscal note required.

Prior Council Action:

Original license agreement granted by Ordinance No. 000518-52; Ordinance No. 20080821-032.

For More Information:

Rondella M. Hawkins, TARA Officer, 512-974-2422.

Additional Backup Information:

The proposed non-exclusive license agreement granted under Chapter 14-11 of the City Code extends ZNET's right to occupy a portion of the City's right-of-way to provide conduit space to accommodate telecommunications service providers to provide competitive services in the downtown area.

ZNET Texas, LP, is a utility construction project management partnership based out of Metairie, Louisiana. In 2000, the City Council approved Ordinance No. 000518-52 authorizing the placement of 10 underground fiber optic conduit systems in the City's downtown right-of-way for sale to telecommunications providers to reduce the number of street cuts and the amount of traffic disruption and to speed the deployment of communications networks. All 10 were licensed to ZNET.

The existing license agreement expires on September 1, 2021. The proposed ordinance will grant a three-year extension, with an additional three-year term provided that grantee has fully complied with all terms and conditions of this license agreement. There are two remaining conduit systems for sale. The proposed new annual license fee is \$16,650.75 with a 4% annual escalator. This amount represents a pro rata formula for the two remaining systems under the original linear foot fee structure. This new fee reflects ZNET's business model in terms of ROW compensation compared to the linear foot fee structure under the original license agreement. The license allows for a proportionate reduction of the annual fee if ZNET sells a conduit system to a telecommunications provider. The entity that purchases the conduit system will begin remitting a fee based on a per-access line method as prescribed by Chapter 283 of the Texas Local Government Code.

Other terms of the license agreement are:

- Requires City approval for transfer of conduit system.
- Late fee provision.
- Liability insurance; and
- Indemnification.

Strategic Outcome(s):

Government that Works for All.