



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 4, 2022

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Receipt and Referral of Broadband Franchise Proposals for Use of Public Right-of-Way

ISSUE: Receipt and referral of proposals for the granting of a broadband services franchise agreement of the public rights-of-way for City Manager review.

RECOMMENDATION: That City Council:

1. Receive the names of the bidding companies that submitted proposals to the City in accordance with the terms and specifications outlined in the ordinance passed by City Council on November 13, 2021;
2. Request and receive any additional proposals from any potential bidders at Council's January 11, 2022 meeting;
3. Refer proposals to the City Manager for evaluation, review and consideration in the manner prescribed by law, including the negotiation of a franchise agreement with preferred bidder(s); and
4. Direct the City Manager to recommend to Council as soon as feasible, a recommended firm or firm(s) to be awarded a Right of Way Broadband Franchise by Council.

DISCUSSION: On November 13, 2021, City Council adopted an ordinance to solicit proposals for a franchise to use the City's right-of-way to construct and provide broadband services to City residents. The City has only one fiber-based broadband provider (Comcast), and needs to facilitate price competition, higher speed and service competition by seeking additional provider(s). In November City Council authorized the City Manager to initiate and establish a process for soliciting and granting non-exclusive franchise proposals for use of the public rights-of-ways from broadband providers to design, construct, install, operate, maintain, repair, upgrade, and remove a fiber to the premises broadband network for offering broadband internet access to City of Alexandria

residents and businesses and related infrastructure.

Pursuant to the ordinance, the City issued and publicized a request to bid for a Right-of-Way broadband franchise. The City Clerk placed advertisements in local newspapers which notified potential bidders how to bid and provided the due date for proposals. This information was also provided on the City's web page.

Proposals were due to the City by noon on December 30, 2021. The Code of Virginia requires that the Mayor read the names of the proposers in an open session. Because the proposal reviews were underway when this docket was published, the names of the entities will be provided before the meeting for the Mayor to read aloud then inquire if there are any other bid proposals to be received at the meeting.

Once the names of the bidders have been read and any other proposals received, City Council then would direct the City Manager to review, staff would then select a preferred bidder or bidders based on the established criteria outlined below, and negotiate a franchise agreement(s) for recommendation to Council.

The proposal to bid on the right of way broadband franchise outlined a number of eligibility criteria to determine whether a bidder could be considered for a right of way broadband franchise. The criteria focus on the City's desire to increase consumer choice and provide better equity in the digital offerings including:

- A three percent franchise fee-based on gross revenues as payment to the City for use of its right-of-way.
- Providing equitable digital services that
 - Ensures the network physically passes all public residential and business addresses that can be accessed by the public right-of-way,
 - Provides dedicated funding and services to many of the City's affordable housing units,
 - Provides access to community partners who aid residents who have limited or no access to broadband, and
 - Provides Wi-Fi in City parks where broadband services may be limited.
- Use of microtrenching for a significant portion of the construction as a way to minimize street and traffic disruptions that complies with City, state and federal standards currently used by the City for construction and materials,
- Willingness to make a significant investment of financial resources for construction
- Defining a standard for how assets will be maintained,
- Providing a comprehensive community communication plan that ensures residents are notified of construction,
- A fixed franchise term of 20 years with three five-year renewal options,
- Providing a minimum speed of 1 gigabit upload and download for basic broadband service,
- Providing a plan and standards for 24/7 customer support,
- Providing a construction plan with 6 months of franchise execution and timeline for completion, and
- A provision for damages or payments for non-completion.

The City is not limited to approving only one right-of-way franchise; however, any franchise proposal received must sufficiently meet the criteria set by the City to be considered for possible franchise negotiation and must include a significant upfront financial investment from the provider to ensure that the City's right-of-way is constructed, maintained and that the network assets are sustainable.

TIMETABLE: When Council refers the names of proposers to the City Manager, staff will evaluate each

proposal based on the City's established criteria and begin franchise negotiations with the selected bidder(s). Any franchise agreement(s) negotiated by the City Manager would then be brought to City Council to recommend for approval. The timing of when the recommendation returns to Council depends on the length of the negotiation with the proposed bidder(s).

FISCAL IMPACT: Any proposal to build fiber under this right of way franchise agreement includes a fee for use of the right-of-way over the term of the agreement based on revenue earned. Staffing costs for permitting and inspection of up to \$1 million during the multi-year construction period includes permitting reviews to ensure the network is completed in accordance with City standards and community expectations. Funding for implementation will be based on the outcome of the franchise solicitation process, and the FY 2023 Budget decision making process.

ATTACHMENT:

1. November 2, 2021, Docket Memo (November 13, Public Hearing)
2. Terms and Specifications for Proposal for Broadband Franchise in the City of Alexandria
3. Ordinance

STAFF:

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