

**OFFICE OF THE CITY MANAGER
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION
SEPTEMBER 4, 2018 AGENDA**

Subject:	Action Required:	Approved By :
Fiber franchise Ordinance with MCImetro	√ Ordinance Resolution	Bruce T. Moore City Manager
SYNOPSIS	An ordinance to grant a Fiber Franchise Agreement to MCImetro Access Transmission Services Corporation, d/b/a Verizon Access Trans-mission Services.	
FISCAL IMPACT	The City will receive 5% of identified revenues for rental of its right-of-way the MCImetro.	
RECOMMENDATION	Approval of the ordinance.	
BACKGROUND	The industry for telecommunications, data transmission, video transmission, and such is rapidly expanding. MCImetro is the wireline division of Verizon, and seeks a Franchise to place fiber in the City right-of-way and on City property to market its products. It is possible that this Fiber Franchise will also involve rental to other companies, or fiber uses and not just Telecommunications Services. While the issue has been under discussion since late 2017, agreement with all of the parties was recently reached.	
	One major issue addressed the definition of “Gross Revenues,” for purposes of determining the 5% the City is entitled to receive. Upon passage of the ordinance, MCImetro will owe the City 5% of its telecommunications revenues only. However, upon the City passing an ordinance of general application to such providers, MCImetro will also 5% of the fiber-related revenues to the City.	

**BACKGROUND
CONTINUED**

In addition, MCImetro will provide either four (4) dark pairs of fiber to the City at no cost, or will provide other in-kind services to the City. The provision of in-kind services instead of the dark fiber pair is unique to this Franchise Agreement; however, it is a provision which will be made applicable to other such providers.