

Prineville City Manager Robb Corbett
August 28th, 2007

Issue Summary

Topic: Bend Broadband Franchise Agreement

Department: Information Technology

Staff: James Wilson

Overview:

Bend Broadband seeks a non-exclusive franchise agreement with the City of Prineville to offer high speed fiber optic data transport (HSD) to business, government and education customers within the City of Prineville.

The driving factor behind this request is the Crook County School District's desire to connect their buildings and facilities to a unified high speed network to facilitate moving large files and information between buildings. The School District has approached Bend Broadband who is interested in providing this service.

Staff has spoken with Crestview Cable Communications and they expressed that high speed fiber optic connectivity is a market area Crestview Cable has chosen not to expand into. Our current franchise agreement with Crestview Cable Communications is a non-exclusive agreement.

Bend Broadband wishes only to provide high speed data services at this time, and will not be offering cable television programming or residential internet services. If this intent changes, they will re-approach the City with a new franchise agreement.

City Options:

- Grant the franchise agreement.
- Deny the franchise agreement.

Budgetary Impact

City Attorney Dutli will brief the council on the laws regulating charging a franchise fee for high speed data transport. It is believed that we will not be able to charge a franchise fee on revenues generated on high speed data transport. Crestview Cable concurs with this assessment. This is also in-line with our other franchise agreements where we charge

franchise fees for specific services, such as cable television and telephone communications, but not internet or data transport.

Additionally, Bend Broadband has offered to connect all City government facilities with dark fiber, at their cost, with reduced maintenance fees. This represents a substantial savings to the City and lays the groundwork for future technologies which rely on high bandwidth.

Staff Recommendation to Council:

Based upon the School District's request for a service that is otherwise not available within the community, and a belief that having a high speed fiber data provider could produce a positive economic impact to the business community at large, staff recommends that Council grant this high speed data franchise agreement with Bend Broadband.