

COBURG CITY COUNCIL ISSUE ITEM



TOPIC: Franchise with Douglas Services Inc. (DFN) for Fiber-Based Services for Future Broadband

Meeting Date: August 10, 2021
Staff Contact: Anne Heath, City Administrator
Contact: 541-682-7871, anne.heath@ci.coburg.or.us

REQUESTED COUNCIL ACTION **First reading of Ordinance A-253**

An ordinance granting to Douglas Services Inc. (DFN), a non-exclusive franchise for the construction, operation and maintenance of a fiber optics telecommunications system; to occupy city right-of-way; and to provide fiber based services in the City of Coburg, Oregon

COUNCIL GOALS

- Livability, Health and Vitality
- Utilities, Equipment and Infrastructure
- Economic Development

BACKGROUND

To use the Rights-of-Way (ROW) in Coburg, a telecommunications company is required to get a franchise. Douglas Services, Inc., locally known as Douglas Fastnet (DFN), which is establishing itself in Coburg to provide broadband services in the City of Coburg, would like to obtain a franchise so that it can do so.

DFN has leased dark fiber from the Lane County Fiber Consortium with the intention of bringing high speed fiber services to Coburg. This service can be provided to Coburg citizens and businesses as infrastructure is built and can be installed in neighborhoods and business areas.

ANALYSIS

Much of this is a standard franchise, similar to others in Coburg. One item of note that makes this franchise unique for Coburg is that Federal law, the Internet Tax Freedom Act, is an attempt to prevent cities from charging a fee on gross revenues derived from internet services. Whether this applies to a franchise is currently in litigation.

Rather than arguing about the question, DFN has agreed to enter into this agreement include all data services in the calculation of gross revenues. This is important both because it maximizes income for the City, and it sets a precedent in discussions with other entities the might come along.

RECOMMENDATION AND ALTERNATIVES

Staff recommends adoption of the franchise.

The alternatives for the Council would include:

1. Take no action. If the Council chooses this step, DFN will not be able to expand its services to the City of Coburg.
 2. Adopt the franchise as proposed.
-

BUDGET / FINANCIAL IMPACT

The City could choose to partner with DFN in order to make services available to areas of the town that might not have infrastructure in place to support a quick installation. This could include working with regional partners to ensure access to non-city streets, purchase of conduit, and/or applying for additional funding in a private/public partnership in order to support the services becoming available to the community quickly. American Recovery Act funds are approved to be used for this type of expense and so could be allocated if it becomes necessary.

PUBLIC INVOLVEMENT

The public involvement will come with the public hearing held as a part of the second reading in September.

NEXT STEPS

Second reading of Ordinance – September 14, 2021

ATTACHMENTS:

Draft Ordinance A-253

REVIEWED

Gary Darnielle, City Attorney

