



TO: FRUITA CITY COUNCIL AND MAYOR

FROM: SHANNON VASSEN, ASSISTANT CITY MANAGER

DATE: MARCH 5, 2024

AGENDA TEXT: Ordinance 2024-09 – Second Reading – An Ordinance approving a Lease Agreement between City of Fruita and Region 10 for the Use and Management of the Fruita Carrier Neutral Location and authorizing the City Manager to execute the agreement

BACKGROUND

The purpose of this Ordinance is for the City Council to consider approving a lease agreement between the City of Fruita and Region 10 (a Council of Governments for Southwest Colorado) for the management of the Fruita Carrier Neutral Location. For the past two years, the City of Fruita has been working on a “Middle-Mile” Broadband project to encourage private development and investment in internet infrastructure throughout Fruita. This is one of many broadband projects throughout Mesa County and Garfield County aimed at creating a regional and multi-state fiber internet loop that will connect most of the communities along I-70 with redundant, high-speed internet. This project is almost complete and involves building a lateral connection from the Fruita City Shops Facility to a fiber vault along I-70, and then constructing a Carrier Neutral Location (hereinafter “CNL”) to house the connection. The CNL has been constructed, and the agreement before the City Council is to allow Region 10 to access the facility but also manage it with internet service providers. The CNL allows any private company an access point to fiber internet in Fruita and is open access.

This project has been funded through grant funds from the Colorado Department of Local Affairs Broadband program and American Rescue Plan Funds. The State of Colorado has funded staff from Region 10 (for Western Colorado) and the Northwest Council of Governments (for northern Colorado) to specifically help communities with these broadband projects. If this agreement is approved, staff from Region 10 will manage Fruita’s CNL, and will manage the connection, and all subleases with interested providers.

A copy of the proposed lease agreement is included with this cover sheet as attachment, but included here are the notable terms of the agreement:

- The initial term is for a period of twenty years, unless terminated prior to.
- Rent is \$1 per year throughout the term of the agreement.
- Region 10 has the ability to sublease space to Internet Service providers and will manage all subleases.
- City of Fruita is responsible for major maintenance and improvement to the facility, Region 10 will handle minor maintenance for the facility.
- Region 10 will purchase and hold renters insurance for their equipment in the facility.

- City of Fruita will pay utilities for the facility.

There has been only one change to the agreement since the first reading, and that has been redlined in the attached agreement.

FISCAL IMPACT

Although the City of Fruita will only receive a minimal amount in rent each year, there is significant savings in personnel time from having Region 10 manage the CNL and subleases with providers. Further, Region 10 has the expertise and experience with managing these spaces and leases, and this will benefit the City and the internet service providers using the CNL. Other expenses like utilities, maintenance and repair, will be covered by the City of Fruita (whether this lease is executed or not) and will be subject to annual appropriation from the City Council.

APPLICABILITY TO CITY GOALS AND OBJECTIVES

The City of Fruita is dedicated to providing core services that help improve the Quality of Place and Economic Health. Provision of high-speed broadband services can play a critical role in enhancing local government operations and community/economic development uses, and this agreement supports these efforts.

OPTIONS AVAILABLE TO THE CITY COUNCIL

- Approve the Lease Agreement between the City of Fruita and Region 10 for the Use and Management of the Fruita Carrier Neutral Location.
- Advise staff to make amendments to the agreement and bring back updated agreement at future date.

RECOMMENDATION

It is the recommendation of staff that the City Council by motion:

APPROVE ORDINANCE 2024-09 – APPROVING A LEASE AGREEMENT BETWEEN THE CITY OF FRUITA AND REGION 10 FOR THE USE AND MANAGEMENT OF THE FRUITA CARRIER NEUTRAL LOCATION AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT