



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of April 24, 2023

Title/Subject

Resolution No. 2268- Execute Franchise Agreement with Ziplly Fiber Pacific, LLC.

Summary and Background

The City maintains Franchise Agreements with many private utility providers for services such as power, gas, telecom, etc. These agreements allow those providers to utilize City-Owned rights of way to place their infrastructure in order to provide necessary services to community residents.

Ziplly Fiber is a competitive telecom company which is planning to install fiber optic cable throughout the community, coupled with some wireless transmitting in order to serve the entire community.

Although new to the Hermiston market, Ziplly is an established telecom company with operations in Oregon, Washington, Idaho, and Montana, and was established through the acquisition of Frontier Communications' Northwest operations in 2020.

Tie-In to Council Goals

Goal #19- Digital Infrastructure.

Fiscal Information

This resolution is anticipated to have relatively minimal short term fiscal impact. All franchises generate revenue for the City General Fund as a result of fees paid for the right to use the rights of way as a percentage of gross revenue of each franchisee. Since Ziplly is a new provider, it will take time to acquire market-share within the community, as it is entering a competitive environment currently occupied by providers such as CenturyLink, Charter, Eastern Oregon Telecom, etc. Since it is a competitive market, a new provider is unlikely to noticeably increase the total revenue paid from franchise fees by all providers so much as move the source of that revenue.

Alternatives and Recommendation

Alternatives

1. Approve resolution 2268
2. Reject resolution 2268

Recommended Action/Motion

Motion to approve Resolution 2268

Submitted By:

Mark Morgan