



REQUEST FOR COUNCIL ACTION

Title: Telecommunications Franchise Agreement with Alyrica Networks, Inc.

Preferred Agenda: October 24, 2023

Submitted By: Blair Larsen, Community & Economic Development Director

Reviewed By: Kelcey Young, City Manager

Type of Action: Resolution ____ Motion Roll Call ____ Other ____

Relevant Code/Policy:

Towards Council Goal: Aspiration IV: Viable and Sustainable Essential Services

Attachments: Proposed Franchise Agreement with Alyrica

Purpose of this RCA:

The purpose of this RCA is to present a proposed telecommunications franchise agreement with Alyrica Networks, Inc., which is proposing to provide fiber-to-the-home Internet service in Sweet Home.

Background/Context:

Internet access is increasingly becoming a necessity for daily life. City of Sweet Home residents currently only have the option of Internet access via cable or telephone lines. While some businesses and organizations, including the City, have faster fiber-optic connections, these are expensive, relatively rare, and limited to certain areas of the City. For several years, City Staff have been seeking a partner to provide an additional option for Sweet Home residents, preferably one that utilizes fiber optic lines, which is the fastest, most resilient, and most “future-proof” technology available for data transmission.

Alyrica Networks, Inc., is proposing to provide such a service, and has asked the City for a franchise agreement that would allow it to use the public right-of-way to lay new lines and provide this service to the City. City Staff have negotiated the attached agreement.

The Challenge/Problem:

Should the City enter into a franchise agreement with Alyrica Networks, Inc.?

Stakeholders:

- Sweet Home Residents and Businesses – Fast, reliable Internet access is increasingly a requirement for daily life, and current options are limited.
- Sweet Home City Council – The City Council is responsible for franchise agreements that utilize the public right-of-way.

- Alyrica Networks, Inc. – Alyrica cannot operate within the City without a franchise agreement.

Issues and Financial Impacts:

Franchise agreements do not have any negative impact on the City, and the City potentially gains additional revenue (7%), depending on Alyrica’s success. In addition, during the first five years of the agreement, Alyrica has the option of providing a fiber optic connection to City and community facilities in lieu of a franchise fee, the value of which could be up to \$28,000 annually.

Elements of a Stable Solution:

A stable solution is one that provides additional options for Internet access to the residents and organizations within the City of Sweet Home.

Options:

1. Do nothing – Make no agreement with Alyrica, which would prevent any additional options for Internet access in the City.
2. Approve the Agreement as Proposed and Conduct a First Reading of the Ordinance
3. Approve the Agreement with Changes (Specify) and Conduct a First Reading of the Ordinance
4. Direct Staff to research other options to accomplish the same goal.

Recommendation:

Staff recommends option 2: Approve the Agreement as Proposed and Conduct a First Reading of the Ordinance. If the vote is unanimous, a second reading of the ordinance (by title only) may also take place during the same meeting.