



TO: T.C. Broadnax, City Manager
FROM: Gwen Schuler, Community and Media Services Manager
Jeff Lueders, Cable Communications & Franchise Services
COPY: City Council and City Clerk
SUBJECT: Ordinance for Limited Area Franchise Agreement with Level 3 Communications, LLC –
Requested for the April 8, 2014 City Council Agenda
DATE: March 20, 2014

SUMMARY:

Request for an ordinance related to telecommunications and franchise services, granting a ten-year limited franchise agreement to Level 3 Communications, LLC to construct, operate, maintain, remove, replace, and repair fiber-optic communications facilities within designated public right-of-way areas within the City of Tacoma. The Level 3 Communications agreement is currently expired and an agreement is needed for them to gain permits and operate within the City’s public right-of-way, which will allow for technology growth in Tacoma.

STRATEGIC POLICY PRIORITY:

- Foster neighborhood, community, and economic development vitality and sustainability.

By allowing telecommunications providers to utilize our right-of-way, we continue to foster competition in the market place, increase choices for our residents, and allow for the growth of technology in our city.

BACKGROUND:

The Level 3 Communications Franchise Agreement will be brought before the Government Performance and Finance Committee on March 19th, 2014, where staff will seek a recommendation by the Committee to forward to the full City Council for adoption. After a thorough negotiation process between the City of Tacoma and Level 3, staff negotiated this tentative agreement and recommend adoption.

Level 3 Communications operates a network that serves as a foundation for the communications services of the 21st century by providing, among other things, information transmission over a fiber optic network and media delivery over a content delivery network. In addition, they have grown to support the end-to-end communications services that businesses and carriers rely on.

Beginning with the late-2005 acquisition of WiTel, Level 3 has established itself as a natural industry consolidator. During 2006, the company went on to acquire Progress Telecom, ICG, TelCove and Looking Glass Networks. In 2007, Level 3 acquired Broadwing, the Content Delivery Network (CDN) services business of SAVVIS, Inc. and Servecast. In the fall of 2011, Level 3 and Global Crossing joined forces. The new integrated network united Level 3’s broad, deep U.S. and European footprint with Global Crossing’s extensive international, intercity network. Continuing to operate under the name of Level 3, this new kind of company featured more than 500 global markets in North America, EMEA, Latin America and Asia, as well as a total of ~100,000 route miles.

ISSUE:

The current Telecommunications Franchise Agreement with Level 3 Communications has expired and is in a Tolling Agreement status as Title 16 of the Tacoma Municipal Code was rewritten. This is a proposed ten-year Telecommunications Franchise Agreement. According to Title 16B of the Tacoma



Municipal Code a Telecommunications Provider must have a Telecommunications Franchise Agreement with the City of Tacoma in order to gain permits and operate within our public right-of-way.

ALTERNATIVES:

Without this agreement, Level 3 Communications will not have access to the public right-of-way to construct, operate, maintain, remove, replace, and repair fiber-optic communications facilities.

RECOMMENDATION:

Staff recommends the Telecommunications Franchise Agreement between the City of Tacoma and Level 3 Communications, LLC be approved.

FISCAL IMPACT:

There is no fiscal impact