



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano

SUBJECT: SEE BELOW

DATE: September 9, 2019

Approved

Date

9-19-19

SUBJECT: APPROVAL OF ACTIONS RELATED TO A FUNDING AND REIMBURSEMENT AGREEMENT FOR PERMITTING COSTS BETWEEN THE CITY AND COMCAST CORPORATION

RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute a Funding and Reimbursement Agreement between the City and Comcast Corporation to cover the permitting costs related to encroachment permits.

OUTCOME

Approval of the recommendation will:

1. **Improve cost recovery from Comcast** from pre-paid permitting fees; and
2. **Create speed and predictability** for Comcast to avoid late fees with the pre-paid funding account for permitting fees.

BACKGROUND

This memo describes a simple funding and reimbursement agreement with Comcast for encroachment permits.

ANALYSIS

As with any network, maintaining and expanding Comcast's infrastructure requires ongoing permitting work in the public right of way. Due to Comcast's accounting processes, Comcast is consistently paying unnecessary late fees on encroachment permits because their payments cannot be released as fast as the business needs to submit and obtain permits.

Creating a permitting fee draw down account can eliminate the late fees. Consistent with recent telecommunications agreements that include wireline permitting work, a funding and reimbursement agreement solves the accounting misalignment. By monitoring the dedicated permitting account starting at two-hundred thousand (\$200,000) dollars and providing notice of need to replenish the account, Comcast can replenish the account in \$150,000 increments, maintain its permitting needs and avoid the unnecessary late fees.

Encroachment permit fees based on time and materials remain the same for Comcast. The option to open a pre-paid permitting account through a funding and reimbursement agreement is available to other telecommunications and utility companies.

The proposed funding and reimbursement agreement provides no further commitments on behalf of the City for permitting service levels beyond what all companies and utilities can already access through the standard major utility permit application process. Likewise, the funding and reimbursement agreement does not require Comcast to commit to a scope of work in their maintenance or deployment beyond keeping the account in good standing to meet their business needs.

Proposed Agreement Business Terms

- Comcast will make an initial \$200,000 up-front permit fee payment with an additional payment schedule in \$150,000 increments.
- Comcast will continue its maintenance and infrastructure investments.
- City uses existing Major Utility Permit process with no further commitments.
- City can provide the option of a draw down permitting account to other telecommunication and utility companies seeking encroachment permits in the public right of way.

EVALUATION AND FOLLOW-UP

This memorandum will not require any follow-up from staff.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the October 1, 2019, Council Agenda.

COORDINATION

This memo was coordinated with the City Attorney's Office, and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

There was no commission recommendation on this action at this time.

COST SUMMARY/IMPLICATIONS

The recommendations included in this memorandum do not have a net fiscal impact on the City. Estimated permit fee revenues from Comcast and other telecommunication and utility companies, and the corresponding staff costs to facilitate permit processing, are included within the City's 2019-2020 Adopted Operating Budget as part of the Public Works Development Fee Program.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/
MATT CANO
Director of Public Works

For questions, please contact Matt Loesch, Deputy Director of Public Works, at (408) 535-8300.