



MAYOR AND COUNCIL AGENDA

NO. 4

DEPT.: Information and Technology /
STAFF CONTACT: Doug Breisch

DATE PREPARED: April 3, 2006
FOR MEETING OF: April 10, 2006

SUBJECT: Adoption of Resolution to encourage Verizon to Install its Fiber to the Premises (FTTP) and Make its FiOS Service Available to Rockville Residents, and to Comply with Rockville Permit and Rights-Of-Way (ROW) Management Requirements.

RECOMMENDATION: Staff recommends that the Mayor and Council adopt the resolution.

DISCUSSION: Verizon and the City have entered into negotiations for the type of agreement that would allow Verizon to use the the public rights-of-way (ROW) to install fiber optic cable for providing a new commercial high-speed Internet service. Verizon has proposed that it pay permit fees substantially below the City's normal cost-based fees. Some citizen inquiries to the City have indicated that there is, among some citizens, a misunderstanding that the City is refusing to allow Verizon to install fiber optic cable and provide high-speed Internet service. The resolution seeks to clarify that the City is not refusing entry, and that the City encourages competition while appropriately managing the public ROW. The resolution also encourages Verizon to install its fiber optic cable in Rockville, to make its commerical high-speed Internet service available to Rockville residents, to continue negotiations, and to provide cost-based permit compensation to the City.

Options Considered: N.A.

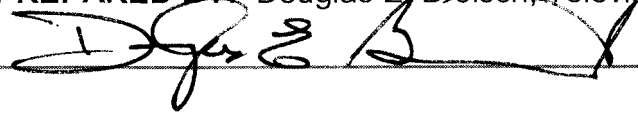
Fiscal Impact: N.A.

Change in Law or Policy: N.A.

Boards and Commissions Review: N.A.

Next Steps: Provide public information on the resolution and its subject without disclosing confidential negotiating information.

PREPARED BY: Douglas E. Breisch, Television and Telecommunications Manager



4-3-06

APPROVED BY:



4/3/06

Michael Q. Cannon, Director of Information and Technology

DATE

Scott Ullery, City Manager

DATE

LIST OF ATTACHMENTS:

Resolution

Resolution No. _____

RESOLUTION:

To Encourage Verizon to Install its Fiber to the Premises (FTTP) and Make its FiOS Service Available to Rockville Residents, and to Comply with Rockville Permit and Rights-Of-Way (ROW) Management Requirements

WHEREAS, on March 8, 1999, the Mayor and Council of Rockville approved a Telecommunication Policy and Plan for the City of Rockville; and

WHEREAS, the Telecommunications Policy and Plan encourages competition in the local marketplace while appropriately managing the use of the public right-of-way (ROW); and

WHEREAS, the Telecommunications Policy and Plan provides that the City's ROW permitting provisions will ensure that citizens do not subsidize private infrastructure development, by guaranteeing that the City is reimbursed for all of its direct costs for use of the ROW by commercial providers; and

WHEREAS, Verizon has expressed an interest in installing new fiber optic cable for its Fiber To The Premises (FTTP) project throughout Rockville, including in the public ROW; and

WHEREAS, the City has indicated to Verizon the City's desire to have the company install its fiber and make its FiOS service (high speed Internet service) available to Rockville residents; and

WHEREAS, Verizon and the City have entered into negotiations for the type of agreement the City requires of commercial entities that want to use the public ROW; and

WHEREAS, the City has diligently and in good faith pursued these negotiations and, when there have been delays, has repeatedly invited Verizon to continue negotiations; and

WHEREAS, progress has been made on several provisions of the proposed agreement; and

WHEREAS, in the negotiations, Verizon has requested a discount of 85 percent of the City's established permit fees; and

WHEREAS, such a discount would amount to a subsidization of a commercial entity by Rockville taxpayers; and

WHEREAS, no other commercial entity has requested or received a discount on ROW-related permit fees; and

WHEREAS, the City's ROW-related permit fees are reasonable and are based on the City's actual costs in providing permit-related services as determined by a comprehensive cost study conducted by a qualified outside firm in 2000; and

WHEREAS, the permit fees may be below the City's actual costs because the fees were set below those recommended by the outside firm, and since 2000, the fees have been increased only once, in July 2003, to the level recommended by the outside firm; and

WHEREAS, Verizon's installation of FTTP fiber optic cable in other jurisdictions in the area, the region, and other parts of the country has resulted in a substantial number of reports of the type of damage, interruption, and safety problems sought to be managed by the type of agreement the City requires; and

WHEREAS, these types of problems, if experienced in Rockville, will require additional City staff time and resources to address.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND as follows:

1. For the reasons state above, the Mayor and Council of the City of Rockville, Maryland encourages Verizon to return to negotiations for an agreement managing the public ROW during Verizon’s fiber optic cable installation.
2. The Mayor and Council of the City of Rockville, Maryland requests Verizon provide adequate compensation to cover the City’s costs so that taxpayers do not, in effect, subsidize a commercial activity.
3. The Mayor and Council of the City of Rockville, Maryland encourages Verizon to begin installation of its FTTP plant in Rockville as soon after a ROW-related agreement with the City is executed and all permit and other requirements are complied with.
4. The Mayor and Council of the City of Rockville, Maryland encourages Verizon to make available to Rockville residents the competitive high-speed Internet services of its FiOS service.
5. This Resolution shall become effective immediately upon its passage.

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Resolution No. _____

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I hereby certify that the foregoing is a true and correct copy
of a resolution adopted by the Mayor and Council at its
meeting of

Claire F. Funkhouser, CMC, City Clerk