



Legislation Text

File #: K-1718-13, **Version:** 1

CONTRACT K-1718-13: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND SOUTHWESTERN BELL TELEPHONE COMPANY, D/B/A AT&T OKLAHOMA FOR THE PROVISION OF INTERNET PROTOCOL ENABLED VIDEO SERVICES AND THE PAYMENT OF A PROVIDER FEE TO THE CITY FOR A PERIOD OF FIVE YEARS.

BACKGROUND: In 2007, AT&T approached the City of Norman about a new service it had developed called U-Verse. U-Verse is an Internet Protocol (IP) based service that is offered over existing telephone network facilities. The service includes high speed internet access, IP-video features with more than 300 channels, video on demand, digital video recorders, and parental controls, in addition to other features. Unlike a traditional cable service provider, AT&T already has access to the public rights-of-way via its statewide franchise for telephone service. Since expanding into the IP service market, AT&T has been willing to negotiate a fee with cities that is similar to a franchise fee even though it already has access to public rights-of-way. The original contract (K-0708-47) was for a five (5) year period and provided that AT&T would pay to the City a fee equal to five percent (5%) of its gross revenues generated by these services (equal to the franchise fee paid by cable companies to operate in the public rights-of-way). Additionally, AT&T agreed to provide capacity for six (6) "streams" or "channels" for noncommercial educational and governmental programming should the City provide content in a compatible format.

Upon the expiration of the initial contract, Council approved Contract K-1213-128 in 2012 which continued the provider fee and the option for six (6) "streams" or "channels" for noncommercial educational and governmental programming. Contract K-1213-128 expires on July 24, 2017. The provider fee remitted to the City as a result of this contract in FYE 2017 was \$364,107.68.

DESCRIPTION: Contract K-1718-13 with AT&T contains the same terms as the 2007 and 2012 contract. AT&T will continue to pay a fee equal to 5% of its gross revenues to the City. AT&T will also continue to provide six (6) "streams" or "channels" for noncommercial educational and governmental programming. The term of the new contract is also five (5) years.

RECOMMENDATION: Staff recommends approval of Contract K-1718-13.