



## Legislation Text

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**File #:** K-1819-79, **Version:** 1

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CONTRACT K-1819-79: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND OKLAHOMA FIBER, L.L.C. D/B/A OEC FIBER, GRANTING ACCESS TO THE CITY'S RIGHTS OF WAY FOR THE PURPOSE OF INSTALLING FIBER FOR INTERNET SERVICES AND PROVIDING FOR A VIDEO SERVICE PROVIDER FEE IN THE EVENT VIDEO SERVICE IS PROVIDED, ALL FOR A PERIOD OF FIVE YEARS.

**BACKGROUND**: Oklahoma Electric Cooperative ("OEC") is an Oklahoma not for profit cooperative that holds a franchise with Norman granting OEC the right to produce, sell, transmit and distribute and sell electricity, and to construct and maintain a system of poles, wires, conduits, and other facilities for this purpose in, upon, across, under and over the streets, alleys and public grounds in Norman in exchange for a franchise fee equal to five percent (5%) of its gross revenues from the sale of electricity in Norman. In recent months, OEC began exploring the possibility of using its existing infrastructure to install a fiber network capable of providing internet service to its customers and others. OEC Fiber was created to utilize OEC's fiber optic cables to sell broadband data and voice over internet protocol services.

Because the City's current franchise agreement with OEC is limited to electricity, OEC approached the City about exploring a separate agreement, similar to the agreements the City has with Cox Cable and AT&T for broadband and cable services. Contract K-1819-79 is the result of those discussions.

**DISCUSSION**: Contract K-1819-79 is similar to existing agreements with AT&T and Cox in that it provides access to the City's rights of way for purposes of providing internet services, and potentially, video services. Should OEC Fiber provide video services, it will be subject to a five percent (5%) video service provider fee just like AT&T and Cox pay based on gross revenues generated from the video services. These types of agreements are no longer considered "franchise" agreements subject to voter approval due to changes in Federal law and related Court rulings that prohibit requiring voter approval for video services.

OEC Fiber, due to the OEC electrical network being especially focused in more rural areas, is in a unique position to provide access to the internet in areas that are currently underserved. Should video services be provided at some point in the future, the City will receive a fee based on gross revenues just like the fee it receives from AT&T and Cox for their video service.

**RECOMMENDATION**: Staff recommends approval of Contract K-1819-79.