

COUNCIL COMMUNICATION

DATE: 05/06/24	SUBJECT: Final Reading Ordinance #2024-O-065 Authorizing the City Manager to grant a License Agreement between The City of Laredo, Texas, a municipal corporation and VTX Communications, LLC, a Texas Limited Liability Company, dated February 4, 2024 for the use of one (1) innerduct in the Juarez Lincoln Bridge and 640 linear feet of right-of-way. 1. Term of the agreement shall be for five (5) years commencing at 12:00 am, February 4, 2024 and terminating at 12:00 pm February 3, 2029. 2. Annual duct fee shall be \$43,558.00 and will increase by five percent (5%) every year the license is in place. In addition to the duct fee, Licensee shall pay a thirteen dollar and 05/100 (\$13.05) linear foot right-of-way fee, and will increase by five percent (5%) every year. Total fee for first year is \$51,910.00.	
INITIATED BY: Rosario C. Cabello, Deputy City Manager		STAFF SOURCE: Joe C. Rivera, I.S.T. Director
PREVIOUS COUNCIL ACTION: City Council at its meeting of April 2, 2024, approved the introductory reading of this ordinance.		
BACKGROUND: The City of Laredo and VTX Communications, LP, entered into a five (5) year license agreement commencing April 21, 2003 and terminating April 20, 2008 for the use of one (1) innerduct in the Juarez Lincoln Bridge. The initial annual duct fee was \$15,194.00 plus a \$5.00 per linear foot right-of-way fee; with a five percent (5%) annual increase on the duct fee only. This license agreement has had three subsequent five (5) year renewals, with the most recent expiring February 4, 2024. The city and VTX have agreed to a five (5) year license agreement commencing February 4, 2024 and terminating February 3, 2029. The city will receive an annual duct fee of \$43,558.00 and \$13.05 per linear foot right-of-way fee with a 5% annual increase on both the duct fee and the right-of-way fee. VTX currently occupies 640 linear feet of right-of-way. VTX has agreed to pay the greater of the amount established by this license agreement or that amount that VTX, or a corporate affiliate, pays to any other entity to cross an international bridge located in the State of Texas.		
FINANCIAL IMPACT: The city will receive an annual rent of \$51,910.00 with a 5% increase on each anniversary of the commencement date. Rent will be credited to General Fund-Telecommunications License line item #101-0000-311-1060.		
COMMITTEE RECOMMENDATION:		STAFF RECOMMENDATION: Staff recommends approval.