

COUNCIL COMMUNICATION

DATE: 02/20/24	SUBJECT: INTRODUCTORY ORDINANCE 2024-O- Authorizing the City Manager to grant a License Agreement by and between The City of Laredo, Texas, a municipal corporation and Bestel USA, Inc., a Nevada Corporation, dated February 4, 2024 for the use of one (1) innerduct in the Juarez Lincoln Bridge and 566 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 fees of \$50,944.30 will be deposited into General Fund.	
INITIATED BY: Rosario C. Cabello, Deputy City Manager		STAFF SOURCE: Joe Rivera, I.S.T. Director
PREVIOUS COUNCIL ACTION: City Council at its meeting of April 1, 2019, approved the current contract.		
BACKGROUND: The City of Laredo and Bestel USA, Inc., entered into a five (5) year license agreement commencing November 4, 2002 and terminating November 3, 2007 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 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. Bestel currently occupies 566 linear feet of right-of-way. Bestel has agreed to pay the greater of the amount established by this license agreement or that amount that Bestel, or a corporate affiliate, pays to any other entity to cross and international bridge located in the State of Texas.		
FINANCIAL IMPACT: The city will receive an annual rent of \$50,944.30 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.