

## IMPACT STATEMENT

**Legislation title:** \*Approve settlement of claims with Level 3 Communications, LLC (Ordinance)

**Contact name:** Jennifer Li

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**Presenter name:** Thomas Lannom, Jennifer Li

**Purpose of proposed legislation and background information:**

In 1999, City Council granted a franchise agreement to Level 3 Communications, Ordinance No. 173930. Level 3 subsequently acquired other franchised entities, including FTV Communications, LLC and WilTel fka Williams Communications Inc. The parties have been in dispute over the proper calculation of franchise fee payments for Level 3 and its subsidiaries for use of the City Streets and other franchise obligations requiring the provision of ducts to the City when undertaking new infrastructure construction. The parties have agreed to settle their disputes, as described more fully in the settlement agreement attached as Exhibit A to this Ordinance. In addition to a financial settlement, the City and Level 3 have also agreed to execute two conduit use agreements, called Irrevocable Rights of Use agreements or IRUs, to resolve the franchise disputes. Staff recommend City Council approve this settlement agreement and authorize the two IRUs to secure past due franchise fees, avoid potential litigation costs, secure benefits to the City and to achieve legal certainty.

**Financial and budgetary impacts:**

The settlement agreement will provide the City's general fund with a one-time financial settlement of \$2.75 million.

**Community impacts and community involvement:**

N/A

### Budgetary Impact Worksheet

**Does this action change appropriations?**

☐ **YES:** Please complete the information below.

☒ **NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount