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MEMORANDUM

Public Works Department - Memo No. PWE08-014

DATE: January 31, 2008

TO: MAYOR & COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
PAT MCDERMOTT, ASSISTANT CITY MANAGER
R. J. ZEDER, PUBLIC WORKS DIRECTOR

FROM: SHEINA HUGHES, ACTING ASSISTANT PUBLIC WORKS DIRECTOR/
CITY ENGINEER

SUBJECT: RESOLUTION NO. 4153, AUTHORIZING THE REQUEST AND ACCEPTANCE OF A LUMP SUM PAYMENT FOR DEFERRAL OF FIBER REMOVAL FOR INTEL CORPORATION'S CANCELLATION OF THE ENCROACHMENT PERMIT AND AGREEMENT FOR USE OF PUBLIC PROPERTY

RECOMMENDATION:

Staff recommends Council approve Resolution No. 4153, authorizing the request and acceptance of a lump sum payment for deferral of fiber removal for Intel Corporation's cancellation of the encroachment permit and agreement for use of public property.

BACKGROUND AND DISCUSSION:

Intel Corporation has provided written communication notifying the City of the termination of the renewable encroachment permit with the City. Council last approved the permit on January 8, 2004 and this permit and agreement had a five-year term. The permit has been in place since 1987 for inter-office communication between facilities in the City of Chandler. Intel Corporation has determined that the fiber is no longer required between the facilities. The permit assessed an annual fee for use of the right-of-way and this fee will no longer be collected.

The City is authorized pursuant to City Code Section 46-2.9 to require Intel Corporation to remove all structures, cable, equipment or facilities in the roadway upon termination of the agreement. However, the removal of these facilities at this time would be destructive to arterial and collector roadways in the area. In lieu of requiring removal of the equipment at this time, staff recommends that Intel Corporation be requested to make a lump sum payment that can be applied to future Capital Improvement Projects in the amount of \$32,107.50. This amount is based on a \$2.25 per lineal foot removal cost for the 14,270 lineal feet of fiber within the City right-of-way.

FINANCIAL IMPLICATIONS:

The City will no longer collect the annual fee for use of public property and the \$32,107.50 will be maintained in the lump sum account and applied to future Capital Improvement Projects.

PROPOSED MOTION:

Staff recommends that Council approve Resolution No. 4153, authorizing the request and acceptance of a lump sum payment for deferral of fiber removal for Intel Corporation's cancellation of the encroachment permit and agreement for use of public property.

Attachments:

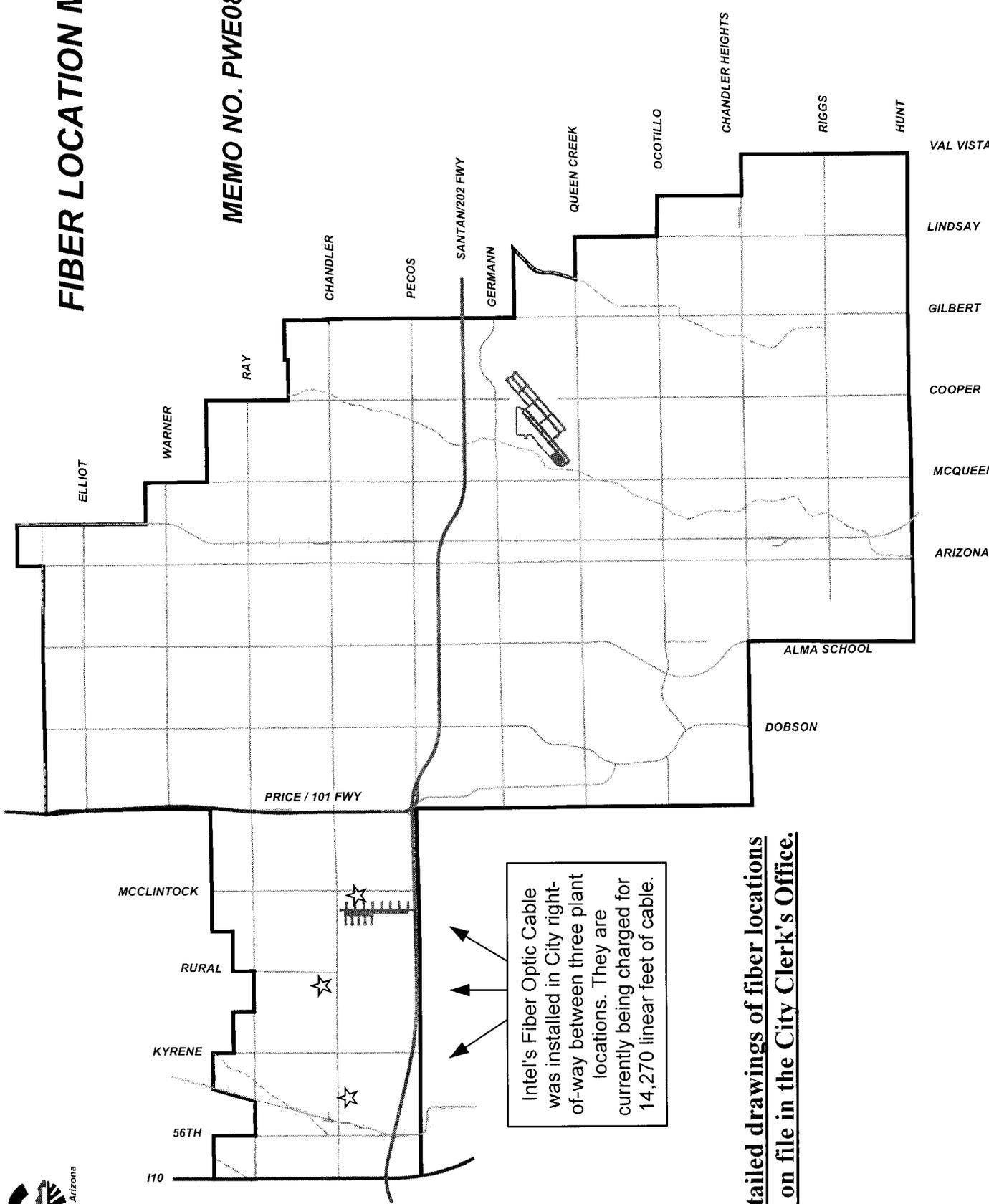
Resolution No. 4153

Location map



FIBER LOCATION MAP

MEMO NO. PWE08-014



Intel's Fiber Optic Cable was installed in City right-of-way between three plant locations. They are currently being charged for 14,270 linear feet of cable.

Detailed drawings of fiber locations are on file in the City Clerk's Office.

RESOLUTION NO. 4153

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, MARICOPA COUNTY, ARIZONA, AUTHORIZING ACCEPTANCE OF LUMP SUM PAYMENT FOR DEFERRAL OF FIBER REMOVAL UPON CANCELLATION OF AN AGREEMENT FOR USE OF PUBLIC PROPERTY BY INTEL CORPORATION FOR THE OPERATION OF AN INTER-OFFICE COMMUNICATIONS SYSTEM

WHEREAS, the City Council approved Resolution No. 3663 on January 8, 2004, authorizing approval of an Agreement for Use of Public Property by Intel (hereinafter "Intel") for the Operation of an Inter-Office Communications System (hereinafter "Agreement");

WHEREAS, the Agreement was executed on January 12, 2004;

WHEREAS, pursuant to Section 11.3 of the Agreement, Intel is authorized to cancel this Agreement prior to its date of expiration upon express written notice to City;

WHEREAS, the notice to cancel required pursuant to Section 11.3 of the Agreement has been received by the City;

WHEREAS, pursuant to Chandler City Code Section 46-2.9, the City is authorized to require Intel, to remove all structures, cable, equipment or facilities in the roadway upon abandonment; and

WHEREAS, removing the structures at this point would be expensive and disruptive, the City is requiring a contribution by Intel of \$32,107.50 to the Chandler Capital Improvement Project which amount is based on a \$2.25 per lineal foot removal cost for the 14,270 lineal feet of fiber within the City right-of-way in lieu of immediate removal of the infrastructure as authorized pursuant to Chandler City Code § 46-2.9, allowing the cost of removal to be used in the best interests of the City.

NOW THEREFORE BE IT ORDAINED by the City Council of the City of Chandler, Arizona, as follows:

Section 1. That the Mayor and City Council of the City of Chandler authorize the City to require a contribution by Intel of \$32,107.50 to the Chandler Capital Improvement Project which amount is based on a \$2.25 per lineal foot removal cost for the 14,270 lineal feet of fiber within the City right-of-way in lieu of immediate removal of the infrastructure as authorized pursuant to Chandler

City Code § 46-2.9, allowing the cost of removal to be used in the best interests of the City.

Section 2. That the various City officers and employees be and they are hereby authorized and directed to perform all acts necessary to give effect to this Resolution including requesting payment of \$32,107.50 from Intel, in lieu of requiring removal of equipment in the City's right-of-way pursuant to the Agreement.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona this __ day of _____, 2008.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4153 was duly passed and approved by the City Council of the City of Chandler, Arizona, at a regular meeting held on the __ day of _____, 2008, and that a quorum was present thereat.

CITY CLERK

PUBLISHED:

APPROVED AS TO FORM:

CITY ATTORNEY

