

Date: July 14, 2008

To: Councilmembers, City of Palo Alto

From: Councilmember Yoriko Kishimoto

Re: Palo Alto Ultra-High Speed Broadband System

Motion:

I. To direct staff to expedite negotiations with Axia/PacketFront/180 Connect Consortium and:

- a. return to council with estimated budget to provide the necessary legal and technical expertise by August 4th
- b. return to council by September 2008 with detailed letter of intent to enable the timely construction and operation of the citywide, open-access fiber to the premise system as envisioned in the September 2006 Request for Proposal (RFP)
- c. direct staff to work with ad-hoc council subcommittee
- d. authorize Mayor to appoint the sub-committee
- e. Council subcommittee shall call upon Mayor's advisory group and other community members to advise
- f. Council subcommittee and staff shall return to council for policy direction as appropriate

II. Direct staff to negotiate the agreements with the following parameters:

- a. the City shall provide 36 dark fibers at a new bulk fiber discount rate for citywide fiber to the premise providers. Terms to be established by Council action.
- b. the city will use commercially reasonable efforts to purchase broadband services from retail services providers on the Broadband System, provided the purchase is effected in compliance with the competitive bidding requirements of the Palo Alto municipal code
- c. The operator of the Broadband System would provide management services for the city's dark fiber commercial license program and receive a management fee from the city for the services rendered, after covering dark fiber optic fund fixed costs
- d. The city would contribute existing but currently unused FTTH trial assets
- e. The city would provide access to spare conduit
- f. Assurances as practicable that city assets would revert to the City in the case of bankruptcy and that transfer of city assets or use thereof to any new corporate owners would take place only with the explicit agreement of the City Council
- g. To extent possible, Consortium to indemnify City against third party legal action
- h. Alternatively, the council is open to other structures which are practical and legal. Any new structures would come back to the council for direction.