

Investors pitch broadband concept

Enthusiastic city council considers risks of open-access fiber optic network

By Kristina Peterson / Daily News Staff Writer

Like a start-up founder presenting to a venture capitalist, a group of companies hoping to bring ultra-high-speed broadband Internet access to Palo Alto pitched their ideas to the city council on Monday night.

The only difference is these companies plan to fund their proposal as well.

Both the council and many of the residents present at Monday's study session on the broadband plan expressed early support for a project that would require no cash contribution from the city. But council members did question the financial risks the city might still carry if the project moves forward.

As outlined by members of a mayor-appointed advisory group, the project purports to provide ultra-high-speed broadband access to all businesses and residences in Palo Alto by expanding the city's fiber optic network over three years.

A trio of companies - broadband specialist Packet Front, network installer 180 Connect and the major investor, network operator Axia NetMedia - would "fund, build, own and operate an open-access network-neutral system throughout the city," explained former council member Bern Beecham.

The city would have an "arms-length relationship" with the group by entering into specific contracts and leasing a few city assets, including the use of 36 of the city's dark fibers, its basic infrastructure. After 25 years, the city could purchase the entire network for \$1.

"We believe this is a reasonable and realistic proposal," said Beecham, who noted that the city could face litigation from existing Internet providers such as Comcast.

And because the group plans only to build and manage the network, residents will have to subscribe to independent vendors to obtain Internet access.

"There is no guarantee service providers will come in," Beecham said.

In answering Council Member Yoriko Kishimoto's request for more company background, Axia Chief Technology Officer Drew McNaughton said service providers have not been an issue for Axia's established networks in France and Alberta, Canada.

In Alberta, where the network was launched in 2001, "we started with seven service providers and we now have 94," he said.

Kishimoto said Axia's willingness to sink at least \$30 million into building the necessary infrastructure "makes this a real possibility for Palo Alto."

While sharing her excitement, other council members questioned the risks inherent in the project.

Council Member Sid Espinosa asked city staff to determine what it would cost the city if the project folded, while

Council Member Yiaway Yeh asked how the operators would avoid a price war with existing services.

"It's a fundamentally different technology," McNaughton argued, but said he would seek to partner with existing retailers as much as possible.

Resident Bob Moss said the city's current Internet providers are not up to snuff.

"This morning it took me 25 minutes to log on and get my e-mail," he said. "People in this area want performance."

The council will provide direction to city staff on the broadband plan on Monday.

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URL: <http://www.paloaltdailynews.com/article/2008-7-8-pa-fiber-session>