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PA council moves ahead with broadband plan

Despite concerns about financial issues, council supports 180 Connect for high-speed Internet access

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Palo Alto will move ahead with a business plan for high-speed Internet access with 180 Connect.

The council approved the move-ahead plan despite City Auditor Sharon Erickson's finding that the city's potential high-speed broadband partner, 180 Connect, has a "history of operating losses, is in a tenuous cash flow position and is at a higher risk and potential for default than may be desirable from the city's perspective."

The council voted 5-1 to move ahead with the next step in a multi-year effort to get faster online access citywide.

Only Councilwoman LaDoris Cordell opposed the proposal, which will cost the city \$65,000 for consulting services. Council members Judy Kleinberg, Dena Mossar and Jack Morton did not vote due to conflicts of interest.

Councilman John Barton was absent June 18, leaving the council without the necessary five votes to advance the project.

180 Connect, in a consortium with other businesses including NorthStar Capital Partners and PacketFront, responded to the council's 2006 request for a company to develop and operate a network that would provide high-speed two-way cable service to most Palo Alto businesses and residences -- without requiring the city to pay much, if anything.

In response to Erickson's findings, 180 Connect's chief financial officer Steven Westberg said the company is working to strengthen its financial position and was willing to provide a bond to reassure the city.

Since the June 18 meeting, 180 Connect agreed to drop its request for \$30,000 to conduct the business plan and clarified that it does not expect cash from the city.

The business plan and associated studies are expected to take about six months, according to Joe Saccio, deputy director of administrative services.