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**TO: HONORABLE CITY COUNCIL**

**FROM: CITY MANAGER**

**DEPARTMENT: UTILITIES**

**DATE: FEBRUARY 22, 2010**

**CMR: 147:10**

**REPORT TYPE: ACTION**

**SUBJECT: Request for Direction to (1) Prepare Response to Google's Fiber for Communities Request for Information; and (2) Discontinue Work for the Submission of a Federal Stimulus Grant Application Under the National Telecommunications and Information Administration Broadband Technology Opportunities Program**

**RECOMMENDATION**

Staff recommends that Council:

1. Direct staff to prepare a response to Google's Request for Information (RFI), announced on February 10, 2010, for their *Fiber to Communities* plan.
2. Direct staff to discontinue work on the preparation of a federal stimulus grant application under the National Telecommunication and Information Administration's Broadband Technology Opportunities Program.

**BACKGROUND**

The City has been working over the course of the last several years to expand access to its broadband optical fiber infrastructure. Recently, economic conditions have made potential partnerships with telecommunications companies seem more remote. At Council's direction, staff has recently pursued federal funding through the stimulus package. The most recent effort was applying for funds through the National Telecommunications and Information Administration (NTIA) Broadband Technology Opportunities Program.

On February 10, 2010, Google announced their "Fiber to Communities Initiative." Google is seeking interested communities to partner with local jurisdictions to launch and test ultra high speed broadband networks in one or more locations nationally. Google's announcement presents a real and exciting opportunity for the City to realize its long anticipated goal of universal high-speed broadband access.

Google's selection criteria align with factors in Palo Alto. They are seeking proposals that will garner high levels of community support. Palo Alto has long standing policies supporting greater access to the City's existing fiber network. Google is also seeking communities where there are high Internet user rates to ensure that initial investments will generate the maximum impact on the community. Palo Alto is ideally situated to partner with Google in meeting these stated goals.

Factors why Palo Alto should respond to Google's request:

1. The City already has significant fiber optic infrastructure in place.
2. The City operates all its own utilities, which includes rights-of-way and utility pole attachment agreements. The City Utilities Department has the ability and experience to build and operate services that connect residences and businesses to the fiber optic backbone.
3. The Palo Alto Internet Exchange (PAIX) hosts over 70 Internet service providers in downtown Palo Alto, and the City has a presence in PAIX to facilitate connections to the Internet.
4. For over a year the City worked to develop a fiber-to-the-home plan with a commercial partner prospect. While an agreement was not reached, many issues were sorted through legally and politically to make the City much better prepared to act more quickly and effectively the next time an opportunity emerged.
5. The City's Fiber Optic Fund Reserve currently totals approximately \$6.4 million and grows about \$2 million a year.
6. The City is populated by innovators, entrepreneurs, professors and students, all of whom are good candidates to use a 1 gigabit per second network.
7. Stanford University and Stanford hospitals and clinics could be invited to participate in ways comfortable and acceptable to all parties.

**DISCUSSION**

Because of this recent announcement, staff requests Council direction to focus on the potential collaboration with Google. Given limited staff resources, staff would seek engineering support already approved by Council (CMR: 130:10) with Columbia Telecommunications Corporation (CTC). CTC is willing to provide their services in the preparation of the response to Google's RFI.

Because of the close alignment between Palo Alto's telecommunications goals with Google's goals, staff feels strongly that further work on the NTIA grant is not warranted. Review of the recently issued criteria for this stimulus program further confirms that Palo Alto's chances to be selected are challenging. The Google proposal is much more aligned with Palo Alto's vision and efforts to establish a completely connected community.

**ATTACHMENT**

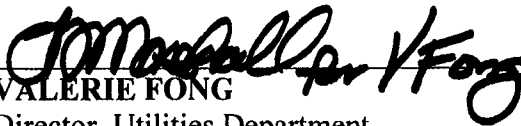
None.

**PREPARED BY:**

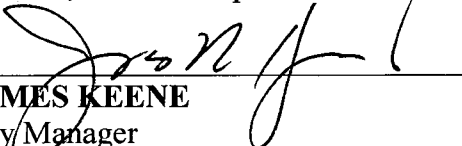
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