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Group introduces Internet plan

Funding offered to bring high-speed network to Palo Alto

By Kristina Peterson / Daily News Staff Writer

After more starts and stops than a dial-up connection, ultra-high-speed broadband Internet may soon be feasible in Palo Alto.

In a new business plan recently submitted to city staff, a group of companies proposed funding and constructing an open network capable of delivering cutting-edge communications, including voice, data and video services.

The city council will review the plan at a study session on Monday and will direct staff later this month whether to move forward with the project.

The new proposal's most significant departure from previous attempts is that Axia NetMedia, a public Canadian network operator, has said it's willing to fully fund the construction and operation of the network, provided that Palo Alto is willing to contribute several of its existing assets, including part of its dark fiber ring, the city's fiber infrastructure without any electronic equipment.

"The city's dark fiber network may provide the key that unlocks the 'fiber to the premise' treasure chest that the community has sought for over a decade," said Palo Alto resident Bob Harrington, one of three council-appointed citizens advising on the project.

Axia has agreed to fund the estimated \$44.2 million cost of building the network by investing at least \$30 million, according to the plan proposed by the consortium of companies.

Axia Chairman Art Price wrote in a May 12 letter to Greg Pustelnik, the city's purchasing manager, that he believes there is enough demand for high-speed Internet services in Palo Alto to support a profitable operation and create a "reference case."

"As Palo Alto is the centre of global Internet leadership, successful roll out and operation will enhance Axia's global brand ..." Price wrote.

As part of the plan, the city would agree to contract with a specially created group to build and operate the network over three years. Though Axia would own the entity, the network installer firm 180 Connect would design and construct the network, broadband specialist PacketFront would manage it - supplying hardware and software - and the city would provide assets worth \$13 million, including the use of its dark fibers, and a commitment to find retailers willing to sell services through the network.

After 25 years, Palo Alto would have the opportunity to buy all assets within city limits for \$1 or renew a contract with Axia for 10 more years, according to the proposed plan.

PacketFront Vice President Tim Scott emphasized in an interview this spring that the resulting network would be open access, creating a competitive market for Internet retailers and fostering "a platform for innovation."

"One clear benefit is this (network) could turn residents and businesses into producers of services," Scott said.

The new network would have the capability of delivering Internet to locals at a speed of 100 megabits per second. In contrast, a regular broadband service sends out information at a speed of two-tenths of a megabit per second, Harrington said.

Moreover, the consortium proposed creating a network as flexible as possible to accommodate future improvements in technology.

In a report released Thursday, city staff indicated general approval of the proposed plan, with some caveats concerning the city's contributions.

For example, while the investors request free use of the city's dark fibers, staff deemed this "legally infeasible" under the city's charter and instead proposed leasing the fibers to the consortium at a discounted rate. And rather than jumping into contract negotiations as suggested by the investors, the city might enter into a letter of intent with the groups to quickly hash out key conditions while a detailed business plan is finalized, staff suggested.

The council will discuss the proposal at its July 14 meeting.

E-mail Kristina Peterson at kpeterson@dailynewsgroup.com

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