



## Palo Alto hopes for fiber network darken

*City asked to invest several million a year in 'Ultra-High-Speed Broadband System'*

by Gennady Sheyner, Palo Alto Online Staff, Uploaded: Thursday, February 26, 2009, 3:04 AM

Palo Alto's decade-long quest to make high-speed Internet available to every residence and business in the city may require the city to invest millions of dollars in the project annually, city officials disclosed Wednesday night.

That's not likely, some City Council members indicated during a study session, while others still had hope and felt high-speed broadband would be a strong economic stimulus for Palo Alto.

The city has been negotiating with a consortium of Internet firms, led by Canadian company Axia NetMedia, in hopes of bringing the long-awaited "Fiber to the Premises" (FTTP) project to the city. The plan is to use the city's existing 41-mile "fiber ring" as the base of a citywide network capable of providing residents and businesses with Internet access at 100 megabits per second.

The official term for the project is "Ultra-High-Speed-Broadband System."

After an extended request-for-proposals search, the council last summer asked staff to negotiate a deal with the consortium to build and operate the network, which would ultimately become city-owned.

But the council specified that the city should minimize its financial investment and refrain from withdrawing money from the general fund.

The project has been on the city's radar since 1996. City officials lauded "Fiber to the Premises," and its misnamed predecessor, "Fiber to the Home," as an ideal means to encourage entrepreneurship, business growth and efficient communication throughout the city.

For years, some residents felt the state-of-the-art network was right around the corner.

But the recent worldwide economic credit crisis caused the consortium's financing package to collapse. The consortium, trying to rebuild its financing, is now looking for an investment partner and has asked the city to provide an annual "firm commitment" of \$3 million to \$5 million starting in the third year after the contract is signed.

The network would cost \$65 million and would provide high-speed Internet to 28,368 premises in the city. Under the latest plan, residents would be charged \$7 to \$12 per month while businesses would pay \$17 to \$22.

Because the fee would be imposed on every household, city voters would have to approve it by a two-thirds vote.

Several council members indicated Wednesday night that they have no desire to either commit city money or rush into an election.

Councilman Larry Klein urged his colleagues not to buy into Axia's business model and suggested considering other firms or alternatives.

Councilman Pat Burt also criticized the new business plan and said the city needs to analyze carefully the incremental benefits of a citywide high-speed fiber network.

"The business model has changed and it's one that doesn't look as attractive to the city," Burt said. "How did we go from something that was a more cautious plan that at one point in time sounded like it would work economically to a more ambitious one that looks like it won't work?"

Councilman Sid Espinosa was more blunt.

"It's just so disheartening," Espinosa said. "I feel like we're going to keep talking about this to the point where the technology is no longer needed."

Others remained optimistic about the city's fiber prospects and reaffirmed their commitment to making the project happen.

City Manager James Keene said the project could transform the city in ways no one can even imagine, and said other possibilities for funding might exist.

He said the city has already submitted a proposal for federal stimulus funding to Congresswoman Anna Eshoo, House Speaker Nancy Pelosi, and U.S. senators Barbara Boxer and Dianne Feinstein. He said staff is scheduled a meeting with Eshoo and is working with the Ferguson Group, Palo Alto's Washington, D.C., contact on stimulus and appropriation requests.

He said it is not yet known how much stimulus funding might be available for cities.

Councilwoman Yoriko Kishimoto called the fiber network "the most significant economic-development tool Palo Alto can offer."

The network would boost communication and allow the city to provide residents with new services, including "smart meters," which transmit real-time data and make it easier for the city and utility customers to keep track of energy use.

"It's something that will draw companies and keep companies here, and it will allow things like telecommuting and real-time energy management," Kishimoto said.

About 20 residents attended Wednesday night's study session. A few addressed the council and urged members do whatever it takes to bring the project to Palo Alto.

Jeff Hoel said he moved to Palo Alto in 1998 because the fiber network was "right around the corner."

"I'm getting impatient," he said.

The council is scheduled to discuss FTTP at its March 2 meeting.

*Ed. Note:* April 6 is the most likely date for the FTTP subject to next come before Council, City Manager Jim Keene announced at the end of the February 25 study session.

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