



Federal funds unlikely for Palo Alto fiber project

City to work on a business plan to improve city's broadband service

by Gennady Sheyner, Palo Alto Online Staff, Uploaded: Tuesday, July 14, 2009, 9:45 PM

Palo Alto's long and tangled trek toward a citywide, high-speed broadband network is unlikely to attract federal aid in the near future and would likely require a major injection of local funds, city officials said Monday night.

City officials have been hoping to get about \$8.8 million in federal stimulus funds for a citywide wireless network and an expansion of Palo Alto's existing fiber-optics backbone. But earlier this month, the National Telecommunications and Information Administration -- which is charged with distributing \$4.7 billion for broadband projects -- released funding guidelines that essentially guarantee Palo Alto wouldn't be selected.

Joe Saccio, Palo Alto's deputy director of administrative services, said the department will now work on a business plan to identify the various options the city has for boosting the city's broadband network and funding the necessary infrastructure. Palo Alto will also keep an eye out for changes in the federal guidelines -- changes that could make the city eligible for future rounds of grants.

Saccio said city officials had hoped the federal government would consider economic growth and improved public safety among its criteria for grant eligibility and tailored its proposal accordingly. But earlier this month, Palo Alto learned that the federal grants would be generally limited to communities with little or no Internet access -- a caveat that all but disqualifies Palo Alto.

"Palo Alto is very, very, very unlikely to be one of those areas," Saccio told the council Monday. "In fact, we believe we're ineligible to apply."

Given the new information about the federal guidelines, Palo Alto officials opted not to apply for the first round of federal grants but rather to wait until the second and third rounds. The next round is scheduled for September.

The latest impediment may not, however, deter the city from pursuing its long-held dream of a city-wide broadband project, which could include a wireless network, an expanded fiber backbone or both. Palo Alto has spent more than a decade looking for ways to expand its fiber-optics infrastructure to city residents. The latest effort was aborted in March, after a consortium of telecommunications firms with which the city was negotiating lost an investor and pulled out of discussions.

The council had consistently called for a "Fiber to the Premise" plan that would use the city's fiber-optic network as leverage and require little or no expenditure from the city's general fund. In recent

months, however, city officials have begun to contemplate a wireless network that would complement the much more powerful fiber system and that could help the city reel in federal funds.

Staff estimated the hybrid system (and the initial expansion of the fiber network to city neighborhoods) to cost about \$8.8 million.

So far, the city's wireless plan has been greeted with a mixed reaction from the community. An advisory group formed to explore a new broadband system urged city officials to instead focus on expanding the fiber backbone to commercial areas -- a plan that could bring in fresh revenue to the city's \$7 million Fiber Optics Fund.

Resident Jeff Hoel also cautioned the council that pursuing wireless could take the city's eyes off the greater prize -- the long-awaited fiber system.

But Carlos Garcia, co-founder of the company Silicon Valley Unwired, said fiber and wireless don't have to be mutually exclusive. Garcia, who helped design and build a wireless network in Mountain View, said Palo Alto would greatly benefit from a similar system.

Though the wireless system wouldn't come close to matching fiber's ability to provide broadband service at 100 megabytes per second, it would provide users with other benefits -- namely, the ability to use their laptops, PDAs and other mobile devices anywhere in the city.

"The 100 megabyte connection is useless to me when I'm walking out the door," Garcia said. "Fiber and wireless networks solve different problems and both are important."

The council agreed that a business plan is in order. But council members split on what road the city should pursue next. Councilwoman Yoriko Kishimoto said she was enthusiastic about staff's plan to provide city residents with wireless service, while Councilman Greg Schmid sided with the advisory board and advocated extending fiber to the commercial districts, even if the city has to build it without federal funds.

Councilman Pat Burt, meanwhile, suggested that the council let the city's newly expanded Utilities Advisory Commission explore this complex topic and issue its own recommendation.

"Frankly, in this town, people who are world-class business people in telecommunications and information technology are residing on every block," Burt said.

The council is expected to resume the discussion in September, when staff is scheduled to return with a business plan.

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