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Editorial: There may be light at the end of the fiber

After years of debate, indecision and delay, new hope emerges that Palo Alto may yet get a powerful two-way fiber-optic system, without risky investment by the city

A bright new optimism is emerging that Palo Alto may yet get a modern, high-speed fiber-optic system for homes and small businesses — at no financial risk to the city.

The fiber topic even has a new acronym: FTTP, for "fiber to the premise," that replaces FTTH for "fiber to the home (and small business)" that has been used for years.

Mayor Larry Klein disclosed Monday that the City Council will get a full briefing on the details of how such a system might work at its July 7 and July 14 meetings, delayed from mid-June. The council could take action on the plan by September or October, he said.

Klein said a staff report is due out July 3. The report, which staff has just begun drafting, will outline details of how a system might work technically and financially.

This optimism is great news to those who have long believed that without a state-of-the-art fiber communications network Palo Alto would decline as the heart of innovation for which it is known worldwide, with severe economic impacts locally.

But the best news is there reportedly will be no direct investment of city funds, and virtually no risk to local taxpayers.

Earlier discussion of fiber focused on direct city involvement in construction and operation of a fiber-based, two-way high-speed system throughout the city. Creation of a new "Internet" city utility was discussed.

But officials were frightened off by the estimated \$35 million to \$40 million installation cost estimates and by concerns about whether the city (or any public agency with open-meeting requirements) could compete effectively and strategically against communications giants such as AT&T and Comcast.

In the face of heavy skepticism, the city in 2006 issued a request for proposals (RFP). Doubts grew when only two firms responded, and many wrote the process off entirely when in February 2007 the city declared that only one firm met the terms of the RFP.

The city then began discussions with the consortium that emerged. The consortium was composed of 180 Connect Network Services, based in Boise, Idaho, and two other firms: PacketFront, Inc., with international experience in networks, and the Royal Bank of Canada's Capital Market, the Weekly reported at the time. The Royal Bank group later dropped out but has reportedly been replaced by other investment sources.

At the July 7 session, the three members of a special "mayor's advisory panel" — Bob Harrington and Andy Poggio (both long involved in fiber technology and city exploration of fiber) and former City Councilman Bern Beecham — are scheduled to report to the council. Harrington and Poggio were named as special advisers by former Mayor Yoriko Kishimoto and Beecham was added by Klein.

All three have been involved directly in city discussions with the consortium, which would actually install and operate the fiber system. The city's involvement would be to provide whatever infrastructure it can to help the consortium build and operate a system economically and efficiently.

The major infrastructure contribution would be to allow access to unused ("dark") portions of the city's existing "fiber ring," which the city leases to private firms. Installation of the ring was completed in 1998. After a period of operational losses, a new pricing structure shot the system into the black — and it made solid profits until the bursting of the area's economic bubble in late 2001.

The ring recovered and has been paying back the city's initial investment ever since. A final payoff, in fact, occurs this month as the books close on the fiscal-year budget.

So for an investment of virtually zero plus staff time, Palo Alto will be getting a shot at a modern, high-speed, broad-bandwidth fiber network after all — and against all odds.

Three years ago, the Weekly reported the precarious position of fiber as a city possibility in an article headlined, "Fiber's last strand?" An editorial (July 13, 2005) ruefully concluded that unless there was some kind of breakthrough it might be time to "curtail this endless go-nowhere dialogue" into which fiber had fallen.

Many questions and concerns remain, but the outlook has brightened astoundingly, and those who helped in this resuscitation are to be commended.

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