



AGENDA REPORT

Meeting Date: February 17, 2015
Item Number: F-3
To: Honorable Mayor & City Council
From: David Schirmer, Chief Information Officer
Subject: APPROVAL OF AMENDMENT NO. 1 TO AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND UPTOWN SERVICES, LLC TO PROVIDE CONSULTING SERVICES RELATED TO DEVELOPMENT OF A FIBER NETWORK AND SERVICES STRATEGIC PLAN FOR THE CITY; AND

AUTHORIZE A CHANGE ORDER IN THE AMOUNT OF \$35,000 FOR A TOTAL NOT TO EXCEED COST OF \$85,000

Attachments:

1. Amendment
2. Agreement
3. PowerPoint Summary of Project Findings

RECOMMENDATION

Staff recommends that the City Council approve the Amendment to the Agreement between the City of Beverly Hills and Uptown Services, LLC to expand the scope of services to include commercial areas of the City as part of the Fiber Network and Services Strategic Plan, and staff requests approval of a change order in the amount of \$35,000 for a total not to exceed cost of \$85,000.

INTRODUCTION

Information Technology staff and the Technology Committee began researching the possibilities of offering network services to the public several years ago. As a result of these initial studies and presentation of the initial findings to the City Council, Council identified the Fiber to the Premises project as a priority and directed staff to conduct further business analysis and develop a comprehensive plan to offer 'fiber-to-the-premises' services.

DISCUSSION

As part of the fiber to the premise effort, staff conducted research to find a consultant skilled at providing fiber network-related strategic plans for municipalities and other public entities. The City entered into an agreement with the consultant for development of the Fiber Network and Services Strategic Plan specifically related to the Beverly Hills business community, and development of the Plan began in June of 2014.

Subsequent input from the Technology Committee identified interest by the residential community in being included in the Fiber Network and Services Strategic Plan. As a result of the residential community's interest, staff directed the consultant to develop a new expanded scope of services to include both the commercial and residential communities.

Further, on September 2, 2014, staff presented a status report of the Fiber to the Premises project to the City Council. Members of the Technology Committee and Councilmembers stressed the need to include the residential community in the Fiber to the Premises project. They also expressed the need for ubiquitous fiber coverage throughout the City to provide more robust network services than what is currently available.

With the residential analysis complete, staff is ready to focus attention on developing a business case for offering internet services to the commercial areas of the City.

Background

The fiber to the premise initiative is an evaluation of the potential of having the City provide internet services to all parcels in the City, both residential and commercial. The primary offering from the City would be internet speeds at 1 gigabit per second. By comparison, these speeds are 150 to 300 times faster than a dedicated subscriber line (DSL), and 10 to 30 times faster than a cable modem.

Some business drivers behind why the City might elect to offer these services include economic development factors, creating an innovations environment, and future-proofing communications within the City. Additionally, educational benefits, addressing digital divide issues, and not 'being left behind' are other drivers often cited. Most vocal in the conversation lies with concerns over the existing incumbent providers' ability to execute 'big broadband' services in terms of speed, price, and customer service. Recently, the Federal Communications Commission has taken steps that appear to encourage municipalities to offer high-speed networks to their communities as a means of encouraging competition.

Findings

Phase one of the project resulted in a business analysis that provides solid numbers related to potential costs and revenues were the City to offer internet services to the community. Additionally, valuable market research was conducted that yields insight into the community's intent as it related to the services. Some high-level feedback includes:

- Residents are internet savvy and understand the value of fast speeds
- Residents are dissatisfied with the incumbent providers
- Residents have expressed a strong interest to buy

In terms of costs and expected revenues the findings were much more challenging. Initial capital outlay coupled with operational costs often do not pencil out in many of the scenarios that were presented. Over a fifteen-year horizon, the initial capital costs of the system will not be recovered without significant outlays from the general fund. It is anticipated that \$30 to \$40 million would be required to develop and operate the system.

Next Steps

Working with the Technology Committee, staff intends to evaluate the range of scenarios that have been presented, as well as, look to novel approaches that include public-private partnerships, phasing the project over a longer time period of time, focusing on the commercial areas of the City, and looking to partner with internal and external utilities as a means of reducing construction costs.

FISCAL IMPACT

While full project implementation could run into the tens of million of dollars were it approved, this amendment and change order for phase II totals \$35,000.

As staff analyzes and focuses in on the best-fit scenario for the City, further analysis and options will be brought back for Council consideration.

Funds for this purchase are available in Information Technology's capital improvement project budget for Computer Acquisition.

Funds for this project are provided as follows:

Project Account	General Ledger Account	Description
00329 41001501 850000	41001501-850000-00329	COMPUTER ACQUSION

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Description of Fund Source/Account #	Amount
CIP	\$35,000.00



David Schirmer
Approved By
