



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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Consent Report
October 23, 2007

**Honorable Mayor and
 Members of the City Council**

Title: Revocable Permit and Fiber License Agreement

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** approving the following agreements between the City of Sacramento and Sacramento Metro Connect, LLC ("SMC") for the installation and implementation of a citywide wireless broadband network: 1) Agreement for Issuance of a Revocable Permit; and 2) Fiber License Agreement.

Contact: Stephen R. Ferguson, Chief Information Officer, 808-8600
 Dean Peckham, Senior Economic Development Project Manager, 808-7063
 Thanh V. Vo, IT Project Manager, 808-7988

Presenters: None

Department: Information Technology and Economic Development

Division: Administration/Citywide Development

Organization No: 1311 and 4453

Description/Analysis

Issue/Objective:

On June 21, 2007, the City Council approved the Agreement between the City and SMC for the Design, Deployment and Operation of Wireless Broadband Network in Sacramento ("Wireless Network Agreement"). The Wireless Network Agreement contemplates that SMC have access to certain city-owned buildings, infrastructure, and streetlight poles for SMC to install its equipment and operate the wireless network to provide wireless broadband services citywide.

The Revocable Permit Agreement to streamline the permit approval process and a Fiber License Agreement to support the Wireless Broadband Network are outlined in this report for the Council's approval before SMC begins their deployment of the wireless network.

Policy Considerations

In order to be exempt from the requirement of a special permit for each antenna installed on city-owned property, subsection (c)(ix) of Footnote 58 to Sacramento City Code section 17.24.050 requires that a revocable permit be issued for placement of the antennas on city-owned property. The Revocable Permit Agreement in this case grants SMC non-exclusive rights to attach, at SMC's sole cost and expense, its equipment on designated and approved city-owned buildings and structures, including street light poles, for the purpose of constructing a wireless broadband network to provide wireless internet services to residents, businesses, and visitors located within the City. The Revocable Permit Agreement does not include the right to utilize historic buildings and structures or Acorn Light/Decorative Streetlight Poles. The Fiber License Agreement grants SMC a license to use certain city-owned excess dark fibers to support the wireless broadband network.

Approval of these agreements will support the deployment of a citywide wireless broadband network, the fruition of which is consistent with the City's Strategic Plan Focus Area of Economic Development.

Environmental Considerations:

The Environmental Planning Services (EPS) staff has determined that the Citywide Wireless Broadband project is exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to Public Resources Code Section 21065 and CEQA Guidelines Section 15061(b)(3), due to the minor nature of the activities proposed. A copy of the Notice of Exemption will be filed with the County of Sacramento Clerk Recorder upon approval by City Council.

Rationale for Recommendation:

Wireless Broadband is fast becoming a crucial infrastructure, for which municipal communications, commerce, content, advertising, interactivity and virtual cooperative development will be increasingly dependent. In addition, a citywide deployment of wireless broadband will increase economic opportunities for residents and businesses of the City of Sacramento. This report recommends issuance of a non-exclusive revocable permit to SMC to install its equipment on designated and approved city-owned properties and licensing city-owned excess dark fibers for use by SMC in the operation of the citywide wireless network. Staff believes a streamlined permitting process would expedite the deployment of a wireless broadband network by SMC and utilizing City-owned excess capacity fibers for wireless backhaul would provide needed redundancy and better performance to residents, businesses and visitors of the City of Sacramento.

Financial Considerations:

No additional funding is requested. SMC pays for all costs incurred for the design, installation, support and operation of the Wireless Broadband Network. SMC pays the City annual payments of \$ 0.055 per linear foot of licensed dark fiber strand to cover City's ongoing fiber maintenance administration. In addition, SMC agrees to pay an annual streetlight pole attachment fee of \$36.00 per pole, which will be dedicated to the Digital

Inclusion Fund. The fees are adjusted annually in accordance with the Consumer Price Index

SMC's payment to the City for use of City-owned assets will be approximately \$62,000 per year. All funds collected solely from fiber licensing will be directed to CIP AB71.

Emerging Small Business Development (ESBD):

RFP P071311001 was advertised on the City's website for seventy (70) calendar days. City staff contacted several local small businesses in this category for participation. Due to the large scale deployment and the nature of this service, only one qualified ESBD Proposer responded to the RFP but that entity did not meet City's business terms. Sacramento Metro Connect LLC is not a qualified ESBD at this time. The project will include the installation and maintenance of over 2,000 wireless access points citywide. SMC plans to establish a few Network Concentration Points locally to support the network. SMC also agrees to engage local academic institutions and hire local students and small businesses in network build-out, service and maintenance.

Respectfully Submitted by: Thanh Vo, IT Project Manager

Dean Peckham, Sr Economic Development Project Manager

Approved by: 
Stephen R. Ferguson
Chief Information Officer

Recommendation Approved:

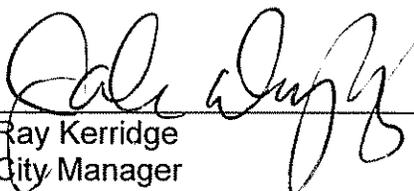

Ray Kerridge
City Manager

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Attachment 1**Background**

On July 18, 2006, City Council authorized the City Manager to release a revised RFP for the design, installation and operation of a Citywide WiFi Network in Sacramento that includes the ten (10) key business terms. Among the ten key business terms are the following:

1. System Technology Requirements

- City will license city-owned excess capacity, dark fiber, where available to the Proposer for network backhaul use

2. Permitting

- City shall amend zoning ordinance to allow for a single permit application for citywide deployment

3. Deployment

- City buildings, other facilities and light poles will be available to the Proposer for deployment

On June 21, 2007, the City Council approved an agreement between the City and Sacramento Metro Connect, LLC for the Design, Deployment and Operation of Wireless Broadband Network in Sacramento.

Based upon direction from the City Council, Staff is presenting to the Council for approval a Revocable Permit Agreement granting SMC non-exclusive rights to attach, at SMC's sole cost and expense, its equipment on designated and approved city-owned buildings and structures, including street light poles, for the purpose of constructing a wireless broadband network to provide wireless internet services to residents, businesses, and visitors located within the City. This revocable permit agreement does not grant SMC the right to utilize historic buildings and structures or Acorn Light/Decorative Streetlight Poles.

In order to fulfill other key business terms, a Fiber License Agreement between the City and SMC is also being presented for Council approval. The primary objective of this license is to allow SMC to use excess capacity of City-owned dark fibers for SMC's wireless backhaul to implement a citywide wireless network in Sacramento.

I. REVOCABLE PERMIT AGREEMENT HIGHLIGHTS

- City grants to SMC a non-exclusive revocable permit ("Revocable Permit") to attach, at SMC's sole cost and expense, its equipment on designated and approved city-owned property for the purpose of installing and constructing a network to provide wireless broadband services to residents, businesses, and visitors located within the City.
- The Revocable Permit does not include the right of SMC to utilize Decorative Streetlight Poles and historical buildings and structures.
- This Revocable Permit is expressly agreed to be non-exclusive, and City retains the

right enter into similar agreements with other parties, including related or non-related providers, to install their equipment or devices on city-owned property.

- The City may terminate the Revocable Permit at any time if it is determined by the City in its sole discretion that national or local security emergency requires the revocation of the permit.
- SMC is responsible for maintaining its equipment in good working condition and is liable for any damage to City property.
- Prior to installation, SMC is required to submit plans and specifications to the City for review and approval.
- SMC agrees to the following compensation formula for use of City-owned assets:
 - \$36.00 annually per streetlight pole used in the network to community reinvestment efforts towards the city’s digital inclusion program
 - \$200 per annum per City-owned building or \$500 per annum per City-owned building, where a bandwidth aggregation point is located.
 - The fees are adjusted annually in accordance with the Consumer Price Index

II. FIBER LICENSE AGREEMENT HIGHLIGHTS

- The City grants to SMC a non-exclusive license to use city-owned dark fibers for the purpose of supporting the operation of a citywide wireless broadband network. Any other uses of the licensed dark fibers are prohibited.
- Annual payments of \$ 0.055 per linear foot of licensed dark fiber strand to the City. SMC is also responsible for paying City’s actual costs of engineering services and actual costs for splicing and/or construction of any infrastructure plus 10%.

<p>Staff/Engineers Estimate</p>	<p>- SMC's payment to the City for use of City-owned assets: \$62,000/year</p> <p style="padding-left: 40px;">\$36 x 1,500 streetlight poles (solely city-owned) \$200 x 30 city-owned facilities \$500 x 4 city-owned facilities w/ bandwidth aggregation points</p> <p style="padding-left: 40px;">The streetlight pole attachment fee is comparable to the \$36 per pole fee paid by MetroFi to the City of Cupertino, City of Foster, City of Portland, City of Sunnyvale and City of Mountain View</p> <p>- SMC's fiber maintenance/administration fees: \$30,000/year \$0.055 x 545,000 linear feet</p>
<p>Evaluation of Multi-Year Proposals</p>	<p>The term of the revocable permit and fiber license is concurrent with the Wireless Network Master Agreement, which is an initial term of 5 years, renewable for two additional periods of 5 years</p>

List of other vendors/ contractors bidding	City received proposals from AT&T/MetroFi, Sacramento Metro Connect, Ubiquity/Fire2Wire/Nortel, and Blue/GTE in response to the City RFP #P071311001 dated July 19, 2006, for the design, installation and implementation of a citywide wireless broadband network
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Tentative Schedule

- October 2, 2007 Revocable Permit and Fiber License Agreements presented to Council for approval.
- October 2007 SMC submits plans for deployment of Phase 1 in the Downtown Area for City’s review and approval
- November 2007 SMC begins initial deployment in Downtown Area
- April 2008 SMC begins initial deployment in the council districts
- October 2009 SMC completes citywide deployment

Attachment 2

RESOLUTION NO.

Adopted by the Sacramento City Council

**REVOCABLE PERMIT AGREEMENT AND FIBER LICENSE AGREEMENT WITH
SACRAMENTO METRO CONNECT LLC FOR A CITYWIDE WIRELESS BROADBAND
NETWORK IN SACRAMENTO**

BACKGROUND

- A. On July 18, 2006, City Council authorized the City Manager to issue a revised Request for Proposal (RFP) for the design, installation and operation of a citywide network in the City.
- B. On June 21, 2007, City Council approved the Agreement between the City and Sacramento Metro Connect, LLC ("SMC") for the Design, Deployment and Operation of Wireless Broadband Network in Sacramento ("Wireless Network Agreement"). The Wireless Network Agreement contemplates that SMC have access to certain city-owned buildings, infrastructure, and streetlight poles for SMC to install its equipment and operate the citywide wireless network.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. The Agreement for Issuance of a Revocable Permit between the City and Sacramento Metro Connect, LLC for the citywide wireless broadband network is hereby approved.
- Section 2. The Fiber License Agreement between the City and Sacramento Metro Connect, LLC, in connection with the deployment and operation of citywide wireless broadband network is hereby approved.