

Agenda Report

October 29, 2012

TO: Honorable Mayor and City Council
FROM: Department of Information Technology
SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A FIBER LICENSE AGREEMENT WITH THE CALIFORNIA INSTITUTE OF TECHNOLOGY

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the project is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301 (Existing Facilities); and
2. Authorize the City Manager to enter into a license agreement with the California Institute of Technology for use of City fiber, resulting in up to \$180,990 in revenue to the City over the 10 year term of the agreement.

BACKGROUND:

In the late 1990s, the City installed a 25-mile fiber optic backbone around Pasadena, with the goals of:

- meeting the City's internal voice and data communications needs
- supporting Pasadena Water & Power system communications requirements
- generating revenue through lease of fiber capacity, and
- fostering competition in the local telecommunications market

The majority of the fiber was leased to TW Telecom, a national telecom provider, with the proceeds repaying the loan from the Charter Capital Reserve that funded installation of the fiber backbone and providing an ongoing revenue stream to support the fiber network. In addition, small amounts of dark fiber were leased to local institutions, including the California Institute of Technology (Caltech), and the Jet Propulsion Laboratory (JPL) and its local subcontractors. Caltech currently leases City fiber connecting its main campus to JPL, which it manages.

Caltech has requested the City provide a second fiber connection between its main campus and its primary information technology facility on South Chester Avenue. Staff estimates that the fiber connection installation will cost \$84,885, covering project management and engineering, construction of a small amount of new lateral conduit, fiber cable installation, and testing. Under the agreement, Caltech will reimburse the City for the full cost of installing the fiber connection, and will pay the City for ongoing use of the fiber.

The recommended fiber license agreement has a five-year term, with the option for one five-year renewal. The agreement includes a \$17,788 annual license fee for the first five years, and will increase by 3.5% to \$18,410 annually for years six through ten should Caltech elect to renew the agreement. The license fee, which is distance-based, compensates the City for ongoing use of the fiber, as well as City maintenance and repair of any outages. The rate is an average of what the City has charged local institutions for other connections of this type.

COUNCIL POLICY CONSIDERATION:

This agreement supports the City Council Strategic Goal to "Support and promote the quality of life and the local economy", leveraging the fiber optic network to help meet the data communications needs of local institutions. Additionally, the agreement supports the City Council Strategic Goal to "Maintain fiscal responsibility and stability", by generating revenue that will facilitate ongoing operation of the fiber optic network as a self-sustaining activity.

ENVIRONMENTAL ANALYSIS:

The project is exempt from CEQA review pursuant to State CEQA Guidelines Section 15301 (Existing Facilities). The exemption covers the minor alteration of existing public facilities and private facilities, including existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities, involving negligible or no expansion of the use.

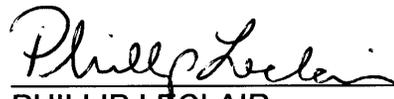
FISCAL IMPACT:

This action will generate \$17,788 in revenue annually to the Telecommunications Fund, for a total of \$88,940 over the first five-year term of the agreement. Should Caltech elect to renew the agreement for a second five-year term, additional revenue totaling \$92,050 will be generated, for a total over the 10 years of \$180,990.

The cost of the fiber connection installation is estimated at \$84,885. Under the terms of the agreement, Caltech will reimburse the City for the actual installation costs following completion of the connection.

The anticipated impact to other operational programs or capital projects as a result of this action will be minimal.

Respectfully submitted,



PHILLIP LECLAIR
Chief Information Officer
Department of Information Technology

Prepared by:



Lori B. Sandoval
IT Planning & Project Manager

Approved by:



MICHAEL J. BECK
City Manager

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment
Pasadena City Charter, Article XVII**

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Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name: CALIFORNIA INSTITUTE OF TECHNOLOGY

2. Type of Entity:
 non-government nonprofit 501(c)(3), (4), or (6)

3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:

| | |
|-----------------------------------|---|
| CHAMMAN, JENN-LAN A | PRESIDENT |
| STOLPER, EDWARD M | TRUSTEE |
| MURPHY, DEAN M | VICE PRESIDENT, BUSINESS & FINANCE |
| STRATMAN, VICTORIA D | GENERAL COUNSEL |
| LEE, BRIAN K | VICE PRES FOR DEVELOPMENT & INST. RELATIONS |
| SARGENT, ANKHA I | VICE PRES. STUDENT AFFAIRS |
| GLADY, CHARLES | VICE PRES + DIRECTOR OF IPL |
| PATERSON, SHARON E | ASSOC VP FOR FINANCE + TREASURER |
| WEBSTER, MARK L | SECRETARY OF BOARD OF TRUSTEES |
| RICHARD RICHARD, SCOTT | CHIEF INVESTMENT OFFICER |

4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:

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Prepared by: *Kevin D. Speaks*
 Title: _____
 Phone: *626 395-4572*
 Date: *10-24-12*

Kevin D. Speaks
Contracting Manager

Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment
Pasadena City Charter, Article XVII

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

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BRESA KENT CHAIRMAN BOARD OF TRUSTEES
LEE DAVID L. V.P. BOARD OF TRUSTEES
LINDA RONALD K. VICE CHAIR - BOARD OF TRUSTEES
BREWER, MATTHEW W. CONTROLLER

4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:

Prepared by: _____
Title: _____
Phone: _____
Date: _____