

# Agenda Report

DATE: JULY 9, 2001

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: AGREEMENT WITH ALTRIO COMMUNICATIONS ALLOWING  
INSTALLATION OF PRIVATE LINE TELECOMMUNICATIONS  
FACILITIES

## RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to enter into an agreement with Altrio Communications allowing Altrio's installation of private line communications facilities in the public right-of-way.

## BACKGROUND:

Altrio Communications, Inc. (Altrio) is a telecommunications firm planning to provide cable TV, telephone, and Internet access services to residents in Southern California. Altrio filed an application with the City in December, 2000 for a franchise to operate an open video system in Pasadena. Altrio has filed similar applications with other San Gabriel Valley cities, including Burbank, Glendale, Arcadia, and Monrovia, and the City and County of Los Angeles. To date, one of the cities, Arcadia, has taken initial Council action to grant Altrio a cable TV franchise. Second reading of Arcadia's ordinance approving the franchise is scheduled for July 3, 2001. Altrio has also applied for a certificate of public convenience and necessity with the California Public Utilities Commission, which would allow the firm to provide local phone service. Altrio's application is pending before the Commission.

Altrio is in the process of constructing a regional network operations center in the City of Los Angeles just south of the Glendale border. This facility will control the network for all the cities Altrio serves. Along with the regional network center, Altrio would like to begin construction of the main links to local distribution points (hubs) in the various cities it plans to serve.

Altrio has requested the City enter into a private line telecommunications agreement to allow the firm to install and operate the main telecommunications line between its regional network operations center, a hub site to be located in Pasadena, and Arcadia, where Altrio plans to begin system construction soon. The proposed main telecommunications line will consist of a fiber optic cable containing 216 strands of fiber. The line will enter Pasadena at the city's northwest corner (Foothill Boulevard at Oak

Grove), travel east across the northern portion of the city, and exit into Arcadia at the city's eastern border (along Orange Grove Boulevard). The vast majority of the route will be installed overhead on City and jointly owned utility poles. The fiber cable will be placed underground at five locations, where it is necessary to pass through areas in which utilities have been undergrounded. These locations include: Lincoln Avenue at Montana Street; El Molino Avenue at Elizabeth Street; Lake Avenue at Elizabeth Street; Altadena Drive at Paloma Street; and Paloma Street at Canyon Wash.

The proposed agreement simply gives Altrio the right to occupy the public right-of-way along the route of the telecommunications line. The firm will be required to enter into pole attachment agreements for the overhead portion of the line and follow the traditional excavation permitting process for the five underground locations. The agreement includes a per foot right-of-way rental fee, and requirements for cash security, letter of credit, and a lifetime warranty of work done in the public right-of-way. The right-of-way rental fee is based on the going rate in other Southern California cities.

Staff in the Public Works and Transportation and Water and Power Departments, as well as the Information Technology Services Division, has reviewed the proposed agreement.

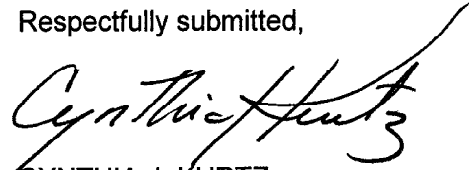
Concurrent with processing this private line agreement request, staff has been working toward an open video system franchise agreement with Altrio. Once in effect, that franchise agreement will absorb the proposed private line agreement. Staff proposes the following schedule for completion of the franchise process with Altrio:

- Closed session with Finance Committee regarding Altrio's financial status July 23, 2001
- Closed session regarding status of negotiations with Altrio July 23, 2001
- Resolution declaring the City's intent to enter into a franchise agreement July 23, 2001
- Public hearing regarding the proposed franchise agreement August 13, 2001
- First reading of the ordinance adopting the franchise August 13, 2001
- Second reading of the ordinance August 20, 2001
- Ordinance becomes effective September 19, 2001

FISCAL IMPACT:

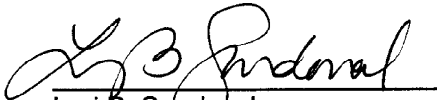
Altrio proposes to pay the City \$1.25 per linear foot, per cable, per year for the overhead portion of the route, and \$5.00 per linear foot per cable, per year for the underground segments, for a total of approximately \$69,000 annually. These right-of-way rental fees will be in place only until the City enters into a franchise agreement with Altrio. At that time, franchise fees of five percent of gross revenues will replace the right-of-way rental fees associated with the proposed agreement. In addition to the right-of-way rental fee, Altrio will be required to pay applicable permit application and pole attachment fees.

Respectfully submitted,



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