

Agenda Report

DATE: April 5, 2004

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A FIBER AND CONDUIT LICENSE AGREEMENT WITH THE CALIFORNIA INSTITUTE OF TECHNOLOGY

RECOMMENDATION

It is recommended that the City Council authorize the City Manager to enter into a license agreement with the California Institute of Technology (Caltech) for use of a portion of the City's fiber optic backbone and power system conduit to link the main Caltech campus and its facility at the former St. Luke Hospital.

BACKGROUND

Caltech acquired the former St. Luke hospital property last year. Caltech plans to locate a variety of special projects at the site. Among these is the Thirty Meter Telescope Project, for which Caltech recently received a \$17.5 million grant to continue its efforts to develop advanced telescope technology.

Caltech has requested use of fiber within the City's fiber optic ring to connect the former St. Luke property to its main campus. Caltech already leases two strands of fiber from the City to provide a connection to the Jet Propulsion Laboratory (JPL). Caltech's Assistant Vice President for Government & Community Relations and Director of the Office of Technology Transfer appeared before Council in October 2002 to provide information on Caltech's plans for the site, as well as Caltech's interest in using City fiber to connect its new facility.

The proposed license agreement provides two strands of fiber for Caltech's use between the two sites, as well as approximately one block of vacant power conduit that is stubbed near the property. Caltech is responsible for installing the additional conduit required to reach the building. Sufficient fiber is available within the City's fiber ring to accommodate Caltech's request. The conduit being leased is one of several vacant power conduits at that location. Lease of the conduit does not affect any Water & Power Department plans to expand or alter the power distribution system.

The recommended agreement has a five-year term, with the option for two five-year renewals. The agreement includes a \$25,200 annual license fee, as well as an annual \$1,750 maintenance fee. Caltech will reimburse the City for the costs of installing a fiber interconnection between the City's fiber ring and the former St. Luke property, estimated at \$21,700. Caltech also will lease the section of vacant power conduit for a one-time fee of \$21,000 (the estimated cost of constructing the duct in today's dollars).

FISCAL IMPACT

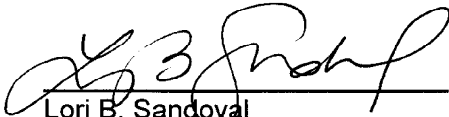
The recommended license agreement will result in \$26,950 in revenue annually to the Telecommunications Fund, for a total of \$134,750 over the term of the agreement. In addition, the Power Fund will realize revenue of \$21,000 for Caltech's use of the vacant power conduit. Caltech will reimburse the costs of installing the fiber interconnection to its new property.

Respectfully submitted,



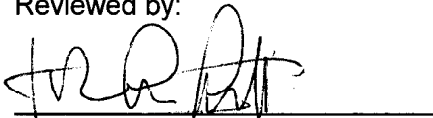
CYNTHIA J. KURTZ
City Manager

Prepared by:



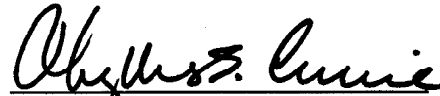
Lori B. Sandoval
IT Planning & Project Manager

Reviewed by:



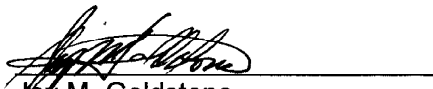
John R. Pratt
Chief Information Technology Officer

Concurred by:



Phyllis Currie
General Manager, Water & Power

Approved by:



Jay M. Goldstone
Director of Finance