

Agenda Report

DATE: July 17, 2006

TO: CITY COUNCIL

THROUGH: ECONOMIC DEVELOPMENT & TECHNOLOGY COMMITTEE

FROM: CITY MANAGER

SUBJECT: AUTHORIZATION TO ENTER INTO NEGOTIATIONS WITH
EARTHLINK FOR DEPLOYMENT OF A CITYWIDE WIRELESS
NETWORK

RECOMMENDATION

It is recommended that the City Council authorize the City Manager to enter into an exclusive contract negotiation with EarthLink for deployment of a citywide wireless network and use of City street light and other poles in the public rights-of-way.

BACKGROUND

On August 15, 2005, staff presented an overview of wireless broadband technology to the Council's Economic Development & Technology Committee and recommended actions that the City could take to expand the availability of wireless services across the City. Among the approved recommendations was development of a Request for Proposals (RFP) seeking a private sector firm to finance, build, and operate a citywide wireless network in Pasadena. Staff reviewed the RFP with the Economic Development & Technology Committee in November 2005, prior to issuance of the RFP.

Based on Council direction and results of a wireless needs assessment, the RFP focused on several key requirements. These included: development of a citywide system to serve all of Pasadena; design and operation of the system to be an open access network, allowing multiple service providers to use the same infrastructure; discounts and other approaches to making broadband service more readily available and affordable to the city's low-income residents; adoption of an upgrade plan for the network, recognizing that wireless technology is changing rapidly; and availability of service to the City to support key field operations.

The RFP also included robust submission requirements designed to provide the City with as much information as possible about the proposing companies' business plan, financial viability, technical expertise, wireless business experience, technology approach, and service offerings.

The City issued the Citywide Wireless Network RFP in December 2005. Five companies submitted wireless network proposals in February 2006. A cross-departmental evaluation team reviewed the proposals, and eliminated two from further consideration for being unresponsive to some of the City's key requirements. The evaluation team conducted a rigorous review of the three remaining proposals, submitted by EarthLink, MetroFi, and NeoReach. Based on that review, the evaluation team concluded that EarthLink's proposal offers the best fit with the goals and requirements outlined in the City's RFP. Summaries of the scoring and key dealpoints for the three responsive proposals are provided in Attachments A and B.

Key Elements of EarthLink's Proposal

Under the terms of its proposal, EarthLink will build, operate, and maintain a citywide wireless network at no cost to the City. The company plans to provide fee-based broadband wireless service to residents, businesses, and visitors. EarthLink will also make capacity on its network available to other service providers so they can provide competitive and specialized wireless services locally. To encourage access to broadband service for all Pasadenans, EarthLink will offer a low-income discount program, free service in designated community areas, and collaborative programs with schools and community organizations. City departments will also benefit from the service through accounts for staff working in the field and at remote sites.

EarthLink estimates that it will place approximately 650 – 750 wireless devices across the City. The technology EarthLink plans to use is among the smaller equipment options on the market, and will be mounted primarily on street light COBRA arms. The City will review and approve all mounting locations.

EarthLink has committed to a technical trial to demonstrate that the technology and deployment approach will work in Pasadena. In addition, the company proposes to upgrade its network over time, ensuring that the Pasadena community will benefit from advances in wireless technology.

Status of City Wireless Sites

The City's FY2006 operating budget included funding for installation of WiFi service at seven branch libraries and three community centers. These installations have been completed, and all facilities now have wireless service available to users. Each library provides a free wireless Internet connection to users with corner-to-corner coverage throughout the interiors of the facilities, and some ancillary coverage around the exteriors of several of the branch libraries. The three community centers have each been equipped with a wireless access

point that can be accessed by visitors to the centers. The value of expanding coverage within the centers is under review.

Next Steps

Staff plans to complete negotiations with EarthLink and return to City Council with a recommended contract award in three months. EarthLink anticipates it will deploy the technical trial within 90 to 120 days following execution of the contract. Full deployment of the network throughout Pasadena will require an additional six to eight months.

FISCAL IMPACT

There is no new fiscal impact associated with the proposed negotiations. Staff and consulting costs for negotiation and implementation of a citywide wireless network agreement have been budgeted in the Information Technology Services Division (ITSD) FY 2007 operating budget.

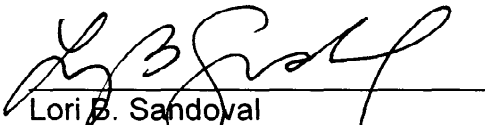
The fiscal impact of any contract resulting from the negotiations will be detailed at the time staff returns to the City Council for final approval.

Respectfully submitted,



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ATTACHMENT A

ATTACHMENT A: PROPOSAL EVALUATION SCORING

Proposal Evaluation Scoring (category and sub-category)	Percentage of Total Points	Points per Criteria Category	EarthLink	MetroFi	NeoReach
Proposed Approach	45%	45			
<i>Business Model - 25%</i>			8.90	5.60	6.30
<i>Technical Approach - 25%</i>			7.90	4.60	7.00
<i>Proposed Services - 25%</i>			9.00	6.30	6.80
<i>Proof of Concept - 15%</i>			5.20	3.20	3.00
<i>Project Plan - 10%</i>			3.50	2.60	2.60
Sub-total			34.50	22.30	25.70
Statement of Qualifications	20%	20			
<i>Experience - 25%</i>			3.90	3.20	2.90
<i>Financial - 25%</i>			4.50	2.50	2.30
<i>Personnel - 25%</i>			3.90	2.70	2.60
<i>Relevant Experience - 25%</i>			3.40	3.20	3.30
Sub-total			15.70	11.60	11.10
Compensation	15%	15	10.90	10.10	9.40
Digital Divide and Free Hot Spots	10%	10	7.80	7.30	3.90
Local business	5%	5	5	0	0
Small or micro business	5%	5	0	0	0
Total	100%	100	73.90	51.30	50.10

ATTACHMENT B

ATTACHMENT B: WIRELESS NETWORK PROPOSAL COMPARISON

	EarthLink	MetroFi	NeoReach
Coverage	<ul style="list-style-type: none"> • Citywide 	<ul style="list-style-type: none"> • Citywide, with primary focus on densely populated areas 	<ul style="list-style-type: none"> • Citywide
Business Model	<ul style="list-style-type: none"> • Provide fee-based retail service to residents, businesses & visitors; • wholesale network capacity to other service providers 	<ul style="list-style-type: none"> • Provide free ad-supported service & premium fee-based service to residents; • wholesale network capacity to business service providers 	<ul style="list-style-type: none"> • Wholesale network capacity to retail service provider partners
Approx. Monthly Cost/Service Level	<ul style="list-style-type: none"> • Approx. \$20 per month for 1 Mbps symmetrical connection 	<ul style="list-style-type: none"> • Free 1 Mbps asymmetrical (ad-supported) service to residents and visitors; • approx. \$20 per month for 1 Mbps asymmetrical ad-free service 	<ul style="list-style-type: none"> • Approx. \$20 to \$30 per month for 1 Mbps symmetrical service
Anticipated Network Investment	<ul style="list-style-type: none"> • \$5.8 million over 7 years; • 12% of network to be upgraded each year; • includes plans for transition to new WiFi and WiMax technologies 	<ul style="list-style-type: none"> • \$1.25 million initial investment; \$2.45 million total over 7 years; • no planned network upgrades 	<ul style="list-style-type: none"> • Approx. \$3 million for installation and network maintenance and upgrade cost over 5 years; • will provide details of network roadmap upon contract award

	EarthLink	MetroFi	NeoReach
Use of City Assets	<ul style="list-style-type: none"> 650 – 750 attachments to City street lights (possibly some traffic signals & utility poles where street lights not available); approx. 250 smaller backhaul devices collocated on street lights; typically valued at \$24 per attachment; possible use of City building rooftops for tower locations possible payment of upfront or ongoing (percentage of net revenues) franchise or right-of-way use fee 	<ul style="list-style-type: none"> 450 to 500 attachments to City street lights and traffic signal poles; typically valued at \$36 per attachment; use of 3 City building rooftops at \$7200 per attachment. 	<ul style="list-style-type: none"> 500 to 600 attachments to City street lights; typically valued at \$7 to \$12 per attachment
Access Points	<ul style="list-style-type: none"> Smallest of proposed devices -- rectangular shaped, attached horizontally on COBRA arms; most widely deployed WiFi technology 	<ul style="list-style-type: none"> Largest of proposed devices (upright canisters) 	<ul style="list-style-type: none"> Slightly larger rectangular devices, attached vertically on COBRA arms
Security	<ul style="list-style-type: none"> Will implement current security 	<ul style="list-style-type: none"> Supports industry standard security; 	<ul style="list-style-type: none"> Will implement current security

	EarthLink	MetroFi	NeoReach
	<p>mechanisms to protect system users</p>	<ul style="list-style-type: none"> • First company to implement security in a production municipal network 	<p>mechanisms to protect system users</p>
Digital Inclusion	<ul style="list-style-type: none"> • Low-income discount (\$12.95 per month); • free service in designated parks & public spaces; • collaborative programs with schools & community organizations; • "walled garden" free access to community/public agency websites 	<ul style="list-style-type: none"> • Free ad-supported service; • high speed modems included with free service to community centers 	<ul style="list-style-type: none"> • Free 56K symmetrical service for 2 hours daily; • working with Intel on free PC program for low income residents; • may provide free low income service in exchange for free access and use of City assets; • "walled garden" free access to City websites
Service to City Departments	<ul style="list-style-type: none"> • Will provide service at wholesale rates for up to 470 City accounts through barter for pole attachments or arms-length service agreement 	<ul style="list-style-type: none"> • Will barter pole attachments for up to 350 wireless accounts 	<ul style="list-style-type: none"> • Will negotiate barter of pole attachments for City service OR City commitment to pay \$250K annually for services & a separate public safety wireless network
Financial Capability	<ul style="list-style-type: none"> • Financially strongest of proposers: in calendar 2004, had \$1.38 billion in 	<ul style="list-style-type: none"> • Privately-held; • would fund network from existing cash & new investors 	<ul style="list-style-type: none"> • Part of publicly traded MobilePro Corp; • Would fund network from MobilePro Corp

	EarthLink	MetroFi	NeoReach
	revenues & \$111 million in net revenues; <ul style="list-style-type: none"> • Would fund network from existing revenues 		operating revenues & new investors
Other Projects	<ul style="list-style-type: none"> • Philadelphia (under construction); • San Francisco (negotiating agreement); • Anaheim (launched service in June; completing construction); • Milpitas 	<ul style="list-style-type: none"> • Sunnyvale, Santa Clara, & Cupertino (all 3 in service); • Concord, CA (designing network); • Portland (negotiating agreement) 	<ul style="list-style-type: none"> • Tempe, Arizona (launched service in April 2006); • Chandler, Arizona; • Farmers Branch, Texas; • Brookline, Massachusetts (negotiating agreement)
Local Business	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • No 	<ul style="list-style-type: none"> • No