



Agenda Report

June 11, 2018

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: AUTHORIZATION TO ENTER INTO A FIBER LICENSE AGREEMENT WITH ACCO ENGINEERED SYSTEMS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the following proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301(c) (Existing Facilities); and
2. Authorize the City Manager to enter into a license agreement with ACCO Engineered Systems for use of City fiber, resulting in up to \$203,780 in revenue to the City over the three year term of the agreement.

BACKGROUND:

Originally installed in the late 1990s and expanded over the past several years, the City's fiber optic network supports the City's voice and data networks and utility operations. The City also leverages excess capacity within the network to lease fiber and provide fiber-based services to a variety of customers, generating revenue in the process. City fiber customers include a competitive carrier, CenturyLink, and local institutions and businesses such as the California Institute of Technology, the Jet Propulsion Laboratory, ArtCenter College of Design, and Idealab.

ACCO Engineered Systems is a major provider of design, installation and maintenance services for mechanical building systems. Currently headquartered in Glendale, ACCO recently purchased the commercial office building located at 888 East Walnut Street, with plans to relocate its corporate headquarters there. The firm has requested use of City fiber to support its telecommunications needs at its new headquarters location.

The Department of Information Technology (DoIT) plans to make use of upcoming expansion of the City fiber network on North Lake Avenue and the recently expanded fiber optic ring to provide the requested dark fiber connection between ACCO's building and Cogent Communications in eastern Pasadena. Staff estimates fiber extension into

the building will cost \$8,600, including fiber materials, the labor to install them, and project oversight. Sufficient fiber capacity will be installed to support future fiber service to tenants of the building as well.

The recommended fiber license agreement has a three-year term, and will generate up to \$203,780 in revenue from license and installation fees. 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 reflects the prevailing license fee charged to other customers for other fiber 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 and businesses. 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 proposed contract is exempt from the California Environmental Quality Act (CEQA) in accordance with Section 15301(c) Existing Facilities which exempts actions relating to existing facilities or structures where there is negligible or no expansion of the use. The proposed action relates primarily to lease of fiber that is already installed in existing conduit systems. The small amount of new fiber installation, to connect the building to the City's fiber network, constitutes a minor alteration to the City's existing conduit systems.

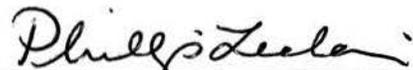
FISCAL IMPACT:

This action will generate revenue to the Telecommunications Fund from license and installation fees of up \$203,780 over the three-year term of the agreement.

The cost of extending fiber to the building is estimated at \$8,600. Funding for the installation will come from existing budgeted appropriations in Capital Improvement Program 71212 (City Fiber Network Expansion).

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
Telecom & Regulatory Administrator

Approved by:



STEVE MERMELL
City Manager

ATTACHMENT: Taxpayer Protection Act
Form