

Agenda Report

November 14, 2022

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

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 five-year fiber lease agreement with the California Institute of Technology for use of City fiber, resulting in up to \$94,521 in revenue to the City, with the option for the City Manager to extend the agreement for one five-year period at an amount of up to an additional \$94,521 in revenue.

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 CenturyLink, major institutions such as the Art Center, California Institute of Technology (Caltech) and the Jet Propulsion Laboratory, and other local businesses.

On October 29, 2012, City Council authorized a fiber lease agreement, 21,232, with the Caltech for installation and use of City fiber between Caltech's main campus and its primary IT facility. The initial term of the license agreement was for five years with an option to renew for an additional five years at Caltech's discretion. In November 2017, an amendment to renew the agreement for an additional five years was executed. With that amendment, the agreement is now due to expire on November 17, 2022, but back

in July of this year, Caltech notified the City of its intent to enter into a new fiber lease agreement.

The proposed fiber lease agreement with Caltech will be for lease of the same City fiber under the current, expiring agreement. It will also be structured similarly with an initial five-year period for \$94,521, and one optional five-year extension, which if exercised, will generate up to \$189,042 in revenue from license fees over the term of the agreement. The license fee compensates the City for ongoing use of the fiber, as well as City maintenance and repair of any outages.

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, this 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:

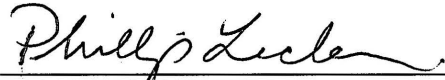
The proposed agreement is exempt from the California Environmental Quality Act (CEQA) in accordance with Section 15301 (c) Existing Facilities, which exempts actions relating to existing facilities or structures where there is negligible or no expansion of the use. The proposed agreement relates to lease of fiber that is already installed in existing conduit systems.

FISCAL IMPACT:

This action will generate revenue to the Telecommunications Fund from the lease fee of up to \$94,521 during the initial five-year term of the agreement, and up to \$189,042 if the optional five-year extension is exercised. Additional revenue may be generated if Caltech requests that the City performs work on the leased strands.


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

Respectfully submitted,



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