

Agenda Report

July 31, 2023

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A FIBER LEASE REVENUE AGREEMENT WITH THE CALIFORNIA INSTITUTE OF TECHNOLOGY/JET PROPULSION LABORATORY

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 that there are no features that distinguish this project from others in the exempt class and, therefore, there are no unusual circumstances; and
2. Authorize the City Manager to enter into a fiber lease agreement with California Institute of Technology/Jet Propulsion Laboratory for use of City fiber, resulting in \$794,774 in revenue to the City over the five-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, utility and transportation 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 Level 3 Communications, major institutions such as the California Institute of Technology, Art Center, and other local businesses.

California Institute of Technology/Jet Propulsion Laboratory (JPL) has used City fiber since 2003 to link satellite and subcontractor facilities with the JPL main campus. The current agreement, 21,483, which has generated \$1,778,581 over 10 years, is nearing its expiration, and JPL has formally requested a new agreement to maintain the provision of existing services. The proposed agreement continues JPL's current use of

City fiber, as well as allowing them to pay for and use additional strands of fiber between their main campus and satellite facilities in portions of the network that have excess capacity.

The recommended fiber lease agreement has a five-year term and will generate annual revenue of \$158,954, amounting to a grand total of \$794,774 in lease fees. The lease fee compensates the City for ongoing use of the fiber, as well as for 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.

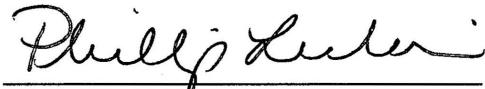
ENVIRONMENTAL ANALYSIS:

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 action relates to lease of fiber that is already installed in existing conduit systems.

FISCAL IMPACT:

This action will generate \$794,744 in revenue to the Telecommunications Fund over the five-year term of the agreement. The anticipated impact to other operational programs or capital projects as a result of this action will be minimal.

Respectfully submitted,



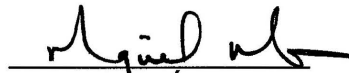
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