Creating Opportunities for Broadband Deployment

South Bay Cities Council of Governments
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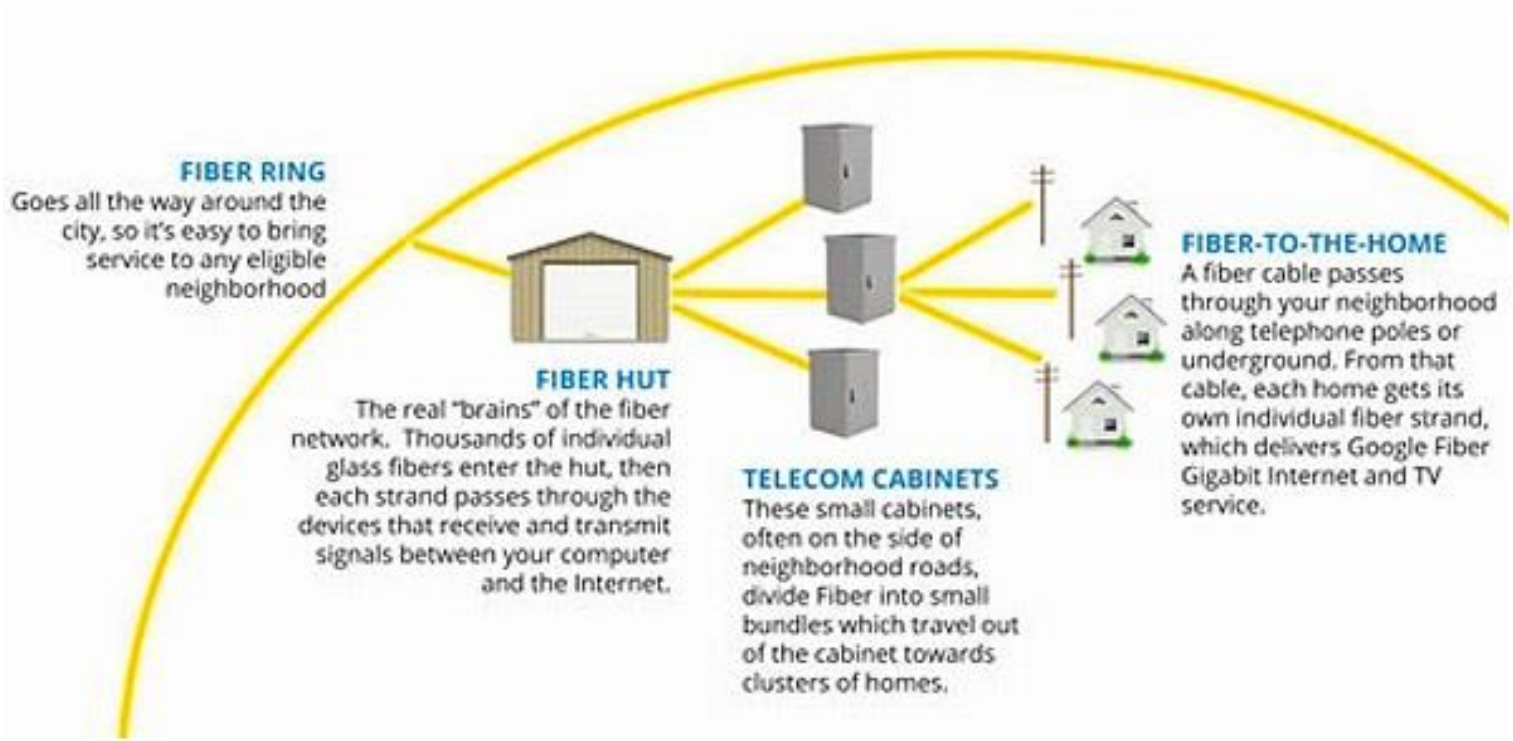
Status Quo

- One or two major broadband providers (25 x 3)
- No real price competition
- No service quality commitments (“up to…”)
- Gaps in availability especially in business and commercial districts and lower income areas
- I-Nets (if any) become “managed services”

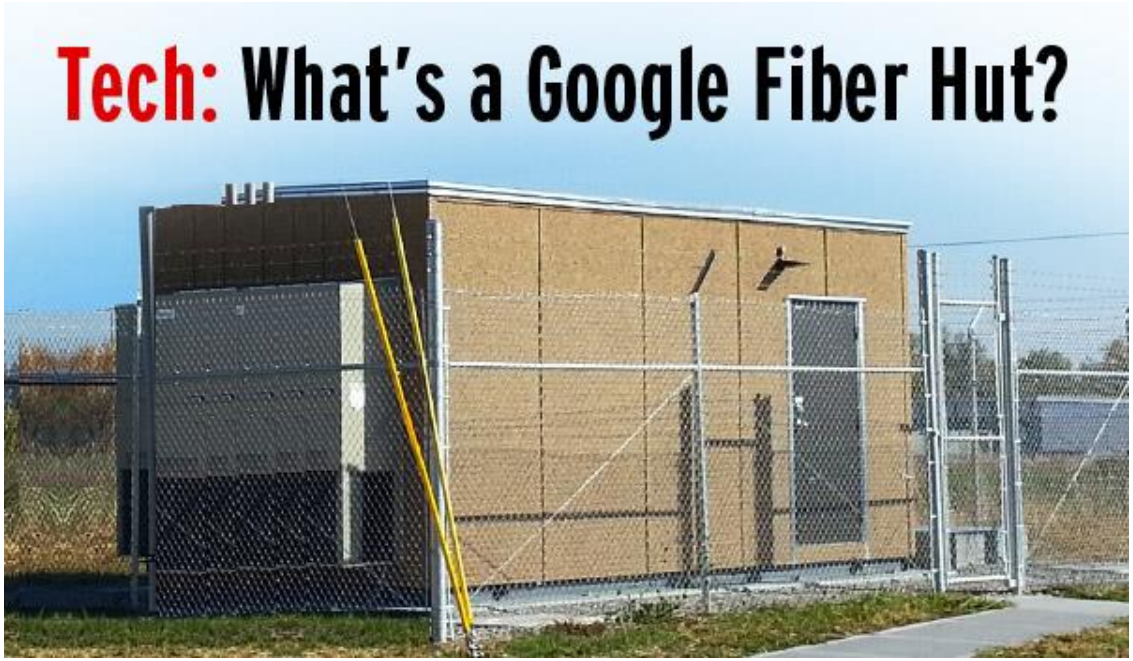
Goal

- Advanced networks capable of providing high speed symmetrical broadband via fiber-to-the-premises/curb (and/or wireless technologies)
- Ubiquitous availability - all businesses, institutions and residences
- Competitive prices
- “Best efforts” service quality
- Low-cost and no-cost options to address digital divide

Basic Network Design



What Does A Network Look Like?

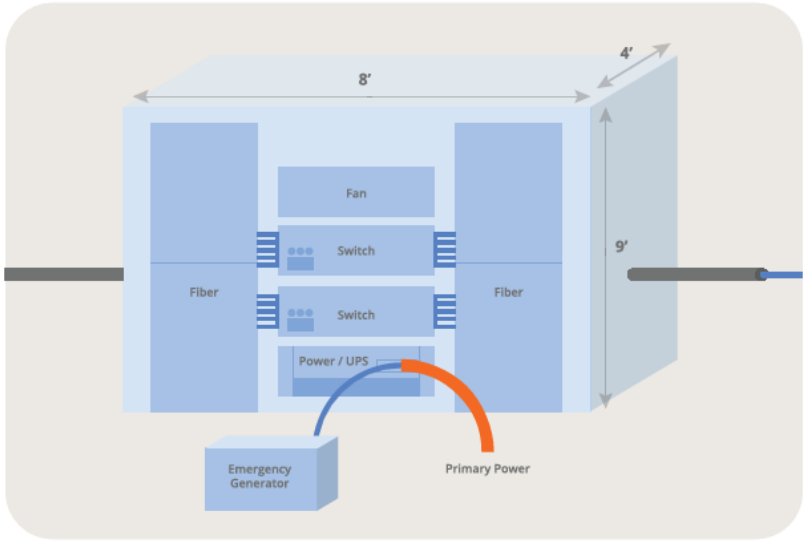


About 70 enclosures of this size would be required for *residences* for the City of Los Angeles

What Does A Network Look Like?

Assume a box like this every 3-5000 feet for passive network substantially larger for active network (like AT&T boxes)

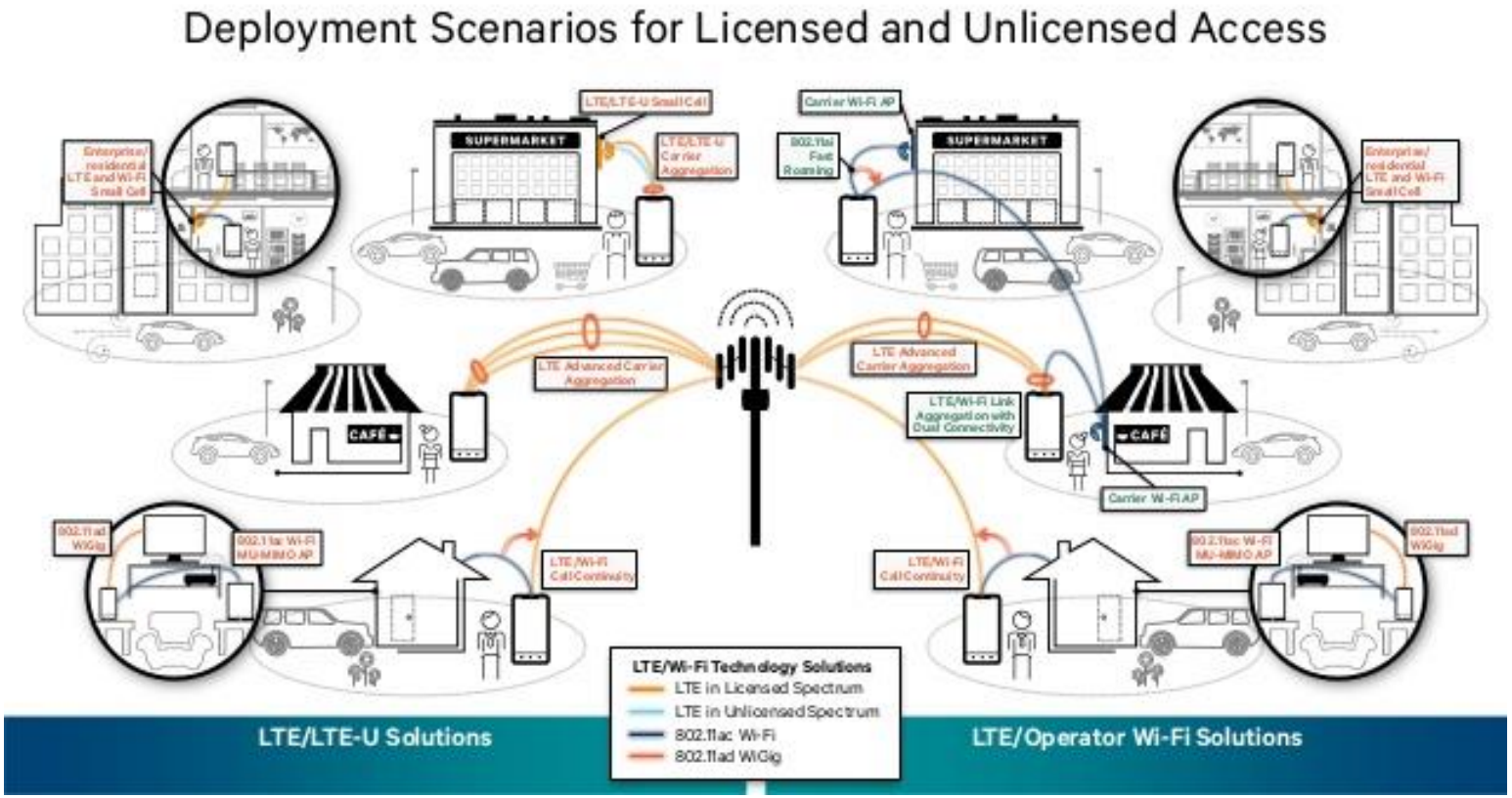
FIGURE 12: OUTDOOR CABINET IN ACTIVE ETHERNET FIBER NETWORK



What Does A Network Look Like?

Pole – mounted version – Verizon FiOS cabinet

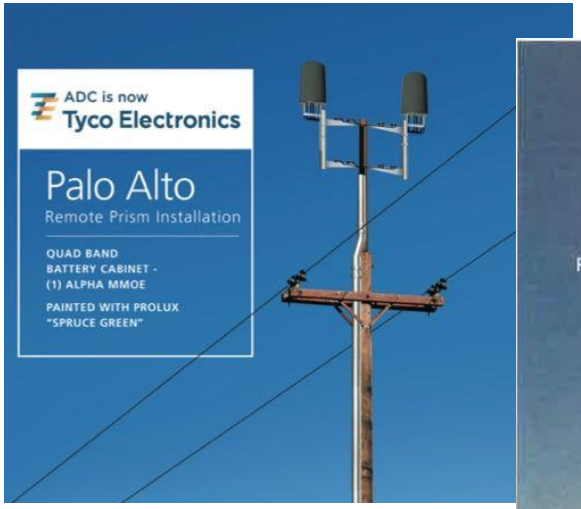
What Does A Network Look Like?

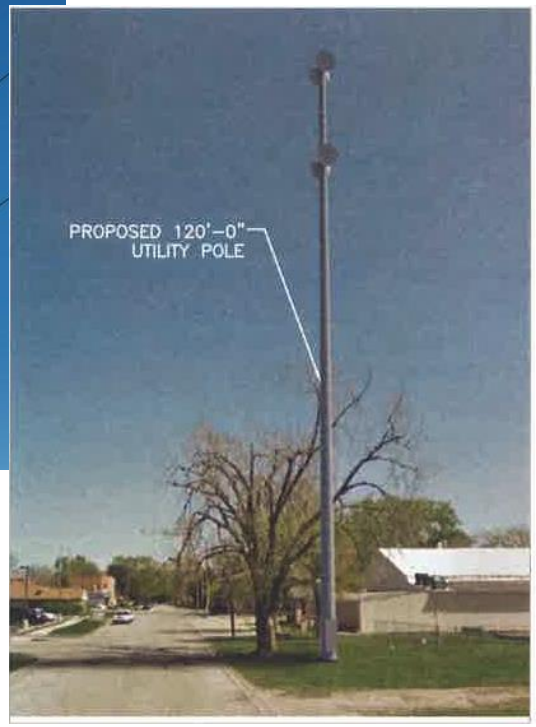


Source: Qualcomm

What Does A Network Look Like?

Ericsson-Philips Light Deployment





Private Entry at Retail – Where Can We Make A Difference?

- Providers typically say
  - Speed to market (and cash flow) is critical
  - Existing permitting processes are too lengthy and overlapping
  - Access to poles and other critical infrastructure is difficult to obtain in a timely way
  - Access to city property is too expensive
  - Access to real estate required for hubs, antennas and other facilities required for system is too difficult
  - Environmental/labor issues may present barriers
  - Building codes don't adequately encourage deployment

Some Ways Others Pursue Broadband

- Continuum of approaches – from public support to full public ownership
- Incentivize construction of private networks through issuance of RFP (Los Angeles).
  - PRIVATE PROVIDERS ARE NOT PROMISING TO BUILD OUT ENTIRE COMMUNITY WITHOUT COMMUNITY INVESTMENT – GOOGLE DOES NOT PROMISE BUILDOUT
- Build all or part of a network and attempt to attract providers on a wholesale basis (lit or unlit) (Shafter, Huntsville)
  - For retail, commercial
  - For middle mile
  - For system components (fiber; conduit)
- Build all or part of a network and lease/sell/share with entity that agrees to meet certain service parameters (Brentwood, Ontario, Anne Arundel County, Tacoma)
- Build network and provide retail services, through enterprise or cooperative (San Bruno, Chattanooga, Lafayette, Anza)
  - Retail services to public
  - Self-provisioning/provisioning other public agencies

Typical Deal Documents

- Construction contracts
- Operator agreements
- Fiber/conduit/infrastructure leases
- Indefeasible Right of Use (IRU) agreements
- Service Level Agreements (SLAs)
- Pole attachment agreements
- Site leases
- Collocation agreements
- Franchise agreements *(not in CA)*

First Steps in Broadband Planning

- *Investigate options and set general direction*. Decide which type of model seems the best fit to pursue
- *Stay flexible*. Recognize that by going through any RFI/RFP process, locality can gain important information for developing the best approach to deployment.
- *Bear in mind legal limitations and most promising opportunities*.

Legal Limitations

- Access to asset most critical to deployment – public rights-of-way:
  - is already available at no charge to companies that can qualify under Pub. Util. Code 7901
  - companies with DIVCA franchises claim access at 5% of cable revenues
- Non-discrimination provisions in state/federal law may limit local authority to tilt the permitting process/fees for permits or RoW use to favor particular providers
- CPUC rules may prevent localities from successfully addressing another potential major hurdle: access to poles

Opportunities

- Legal limitations should not prevent:
  - granting favorable access to locality's proprietary (non-RoW) property (parks/light poles/buildings)
  - aggregating locality's own and other assets to make it easier to enter market (excess fiber)
  - streamlining permitting process for projects that meet certain tests
  - favoring broadband providers in deciding with whom to contract for services locality needs
  - "marketing" efforts to create a favorable environment for new entry

Case Study – the LA RFP Process

- Began with issuance of an RFI designed to determine what *might* encourage entry into the market (what were the localized problems)
- Review of all processes that were identified as barriers to entry directly, or in other communities
  - Permitting on and off RoW
  - Zoning
  - Inspection/approval processes

Case Study – the LA RFP Process

- Cataloguing City assets that might be useful to deployment of network, and developing price models and uniform contracts for access to most useful assets [locations for Fiber Huts and Wi-Fi devices]
- Working with other public/private agencies that could bring assets to the table, or whose involvement may be critical to deployment:
  - Public housing authority
  - LADWP
  - LACMTA
- Developing a brand that could be used to spur deployment/create demand
- Examining opportunities for City to serve as an anchor tenant

Case Study – the LA RFP Process

- Developing a process for streamlining the permitting process
  - Creation of a Digital Infrastructure Permitting Group
- Significant legal review of existing processes/requirements
- Creating databases to make it easy to plan network deployment, and uniform processes for obtaining access to that information
- Allowing for flexibility in responding to RFP in light of market realities [demand-based models]
- Working with community groups that could assist in deployment, and help address deployment issues
- KEY: Leadership support at highest levels

Bottom Line

- Attracting new entrants is more likely if locality can show that it has taken concrete steps to address identified issues
- There is little reason to respond to an RFP that imposes obligations with no benefits, since the provider always has the option of entering the market through DIVCA/7901 process, and serving markets of the providers' own choosing
- For smaller communities, mixed approaches/joint efforts may be key

Establish Long Term Strategies

- Consider altering codes/requirements with respect to new developments/public housing
  - Installation of conduit before construction of roadway in new developments/road repaving?
  - Conduit in buildings?
- Build deployment into long term strategic planning for all departments, e.g. in connection with construction of traffic control systems, major road/sidewalk reconstruction
- Expand participation (health care/schools) and think about ways of planning to aggregate demand
- Coordinate, and prepare to take advantage of new market opportunities

Questions?

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