



City Council Report

Date: July 11, 2022
To: City Council
Through: Scott Butler, Deputy City Manager
From: Ian Linssen, Assistant to the City Manager
Lori Greco, Right of Way Manager
Subject: Fiber License Agreement for SiFi Networks Mesa LLC

Council Districts: all

Purpose and Recommendation

The purpose of this report is to request Council approval for a Fiber License Agreement for SiFi Networks Mesa LLC (SiFi) for an initial five-year term with renewal terms as permitted by state statute.

Staff recommends that Council authorize the City Manager to execute this fiber license agreement on behalf of the City.

Background & Discussion

Council has long advocated for the expansion of broadband services throughout Mesa, including during discussions at Council strategic planning sessions. Council asked staff to research opportunities to expand broadband access throughout the city which led to the release of a national Request for Information (RFI) solicitation in January of this year. The RFI focused on soliciting information related to fiber optic network providers. After a robust response to the RFI in April, staff began discussions with a number of fiber optic network providers to better understand the needs and challenges of developing fiber optic networks in Mesa. Those discussions and additional research led to the creation of a fiber optic network provider toolkit that better positions Mesa to receive additional fiber optic network opportunities both from the RFI respondents as well as potential additional current and future fiber optic network providers.

As part of the fiber optic network toolkit, the City of Mesa approved construction standards to allow micro-trenching in City's rights-of-way. Micro-trenching is a construction technique for placing micro conduits and fiber optic cables in a small slot trench that is a maximum of 2.5 inches wide. The conduits will have a minimum of either 6 inches of cover in residential and collector streets or 10 inches of cover in arterial streets.

SiFi, a respondent to the RFI, applied for a fiber license agreement to work within the

City's rights of way and easements to install, operate, and maintain a fiber optic-based communication network.

SiFi proposes to install conduit and fiber optic cable within the City's rights of way and easements citywide. SiFi proposes to utilize micro-trenching as part of their network installation process.

Alternatives

City Council could consider different licensing language. Furthermore, City Council could choose not to authorize this fiber license agreement. City staff does not recommend this because not approving this license will limit residential and business access to additional fiber optics and broadband services provided by SiFi.

Fiscal Impact

SiFi will provide annual in-kind services in lieu of the Annual Right of Way Underground Conduit Fee as outlined in the license. The in-kind services, including up to 670 demand points across the network, and up to 10 gigabit point to point circuits, will greatly enhance the cities' capability to provide both internal network services and smart city opportunities across the city. In addition, SiFi will provide discounted broadband services for up to 33,000 income eligible households on their network, helping to close Mesa's digital divide. Additionally, SiFi will pay all permit, traffic control, and material testing fees. There is no cost to the City for the execution of this license beyond staff time.

Coordinated With

The drafting of this fiber license agreement License was coordinated with the City Attorney's Office, the City Manager's Office, and Engineering.