



City of Culver City

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Staff Report

File #: 21-435, **Version:** 1

Item #: C-3.

CC - (1) Authorization for the City's Municipal Fiber Network to be Used to Serve Residential Customers; (2) Authorization to the City Manager to Modify the City's Agreement with Inyo Networks, Inc. to Provide Residential Internet Services; and (3) Direction to the City Manager to Update the Culver Connect Project Goals to Include Delivery High Speed Internet Access to Residents

Meeting Date: June 14, 2021

Contact Person/Dept: Jesse Mays, Assistant City Manager
Michele Williams, Chief Information Officer
Phone Number: City Manager's Office (310) 253-6000
Information Technology Department (310) 253-5950

Fiscal Impact: Yes ☒ No ☐ **General Fund:** Yes ☐ No ☒

Public Hearing: ☐ **Action Item:** ☒ **Attachments:** ☒

Commission Action Required: Yes ☐ No ☒ **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (06/09/2021);

Department Approval: John Nachbar, City Manager (06/09/2021)

RECOMMENDATION

Staff recommends the City Council (1) authorize the City's Municipal Fiber Network (Culver Connect) to be used to serve residential customers; (2) authorize the City Manager to modify the City's agreement with Inyo Networks, Inc. to provide residential internet services; and (3) provide direction to the City Manager to update Culver Connect's project goals to include delivering high speed internet access to residents.

BACKGROUND

The City has throughout the past year received an increase in the number of inquiries from residents wanting home internet service through Culver Connect. This is due to the COVID-19 pandemic and resulting increase in the number of residents working and studying from home. Residents have found that their existing internet service cannot always meet the bandwidth demanded by working and studying from home. It is expected that there will remain strong demand for fiber-to-the-home internet

service after the pandemic ends because some companies have decided to permanently allow workers to work from home, either full-time or part-time. Gigabit internet (internet service with a download speed of 1000 Mbps “megabits per second”), compared to the typical existing speeds in Culver City of 100Mbps or less can be provided through a fiber-to-the-home internet service and can meet the increased bandwidth demands required by residents working and studying from home.

The City designed and built Culver Connect to provide high-speed internet to businesses, the Culver City Unified School District (CCUSD), and for municipal purposes. The network backbone-the network’s 20.7 mile main route off of which fiber laterals serve individual properties-was designed to pass by the majority of the businesses in Culver City and CCUSD schools, not residential properties (see Attachment 1, Network Map). The network business plan was written with the objective of servicing the business community, the school district, and for municipal use. For this reason, the City’s policy has always been to not allow residential customers.

On March 18, 2020 City Council approved a five-year professional services agreement with Inyo Networks, Inc. to operate, maintain, and provide ISP services to businesses using Culver Connect. Inyo Networks began operating the network on March 1, 2021.

DISCUSSION

Staff recommends that the City Council authorize Culver Connect to be used to serve residential customers. If authorized, the City will seek to modify its agreement with Inyo Networks to allow it to provide fiber-to-the-home internet service to residential and mixed-use properties. Property owners who are interested could pay to construct a fiber lateral to their premise(s) from the Culver Connect backbone. Any infrastructure in the public right-of-way would be owned by the City, and any infrastructure on private property would be owned by the property owner. Laterals would be required to remain open access. Once a lateral is built, Inyo could provide residents with gigabit internet service, for a monthly fee.

Lateral construction (the fiber between the backbone and the residence) is very expensive and depends on the distance between fiber network backbone and the property to be connected, the number of properties being connected, and the complexity of the environment in which the laterals are built. Costs can range anywhere from the mid-tens of thousands of dollars to over \$100,000. The high cost of lateral construction is the main limitation on the number of residential customers for whom fiber-to-the-home via Inyo would be a home internet solution. This is especially true for single-family residences. However, for multi-family buildings, HOAs, or some residents or groups of residents, it may make financial sense to invest in a lateral. Currently, the City will pay upfront for a customer’s lateral cost and allow the customer to pay back the lateral cost over time with interest as a monthly access fee over the term of the customer’s agreement. The City may offer similar financing arrangements to mixed-use or multi-family residential properties, depending on the negotiated agreement with the customer, but would not offer financing to single-family residences or groups of single-family residences.

Inyo Network’s current operating agreement only allows it to provide internet service to businesses. If directed, staff would negotiate with Inyo to modify its agreement with the City to also provide residential internet service.

FISCAL ANALYSIS

The City currently has a revenue share agreement with Inyo Networks for business internet service revenue. It is expected that a similar type of revenue share agreement could be reached with Inyo Networks to provide residential service. The exact positive fiscal impact is unknown and will depend on the number of customers and the terms of any future revenue share agreement with Inyo Networks for residential customers. Depending on the negotiated agreement with the customer, the City could be responsible for the upfront cost of lateral construction, which would be paid back by the customer over time with interest as an access fee over the life of the customer's agreement. This cost is unknown because it depends on the number of customers and cost of the lateral construction.

ATTACHMENTS

1. 2020-11-07_Culver_Connect_Network_Map

MOTION

That the City Council:

1. Authorize the Culver Connect municipal fiber network to be used to serve residential customers;
2. Authorize the City Manager to modify the City's agreement with Inyo Networks for it to provide internet services to residents;
3. Authorize the City Attorney to review/prepare the necessary documents;
4. Authorize the City Manager to execute such documents on behalf of the City; and
5. Direct the City Manager to update the project goals of the City's Municipal Fiber Network to be to deliver high speed internet access to the City for businesses in order to stimulate economic development, to the Culver City Unified School District, for municipal purposes, and to residents.