COUNCIL AGENDA: 6/26/18
FILE:
ITEM: 3.3, 3.4, 3.5

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE CITY COUNCIL **FROM:** Mayor Sam Liccardo

SUBJECT: SEE BELOW **DATE:** June 25, 2018

Approved Date 6/25/18

SUBJECT: ACTIONS RELATED TO SMALL CELL AGREEMENTS WITH MOBILITIE, AT&T, AND VERIZON

RECOMMENDATION:

Accept staff's recommendations to negotiate and execute agreements with Verizon, and amend the Master Non-Exclusive Installation and Property Use agreements with AT&T DBA and Mobilitie, LLC. Direct the City Manager to come back to Council with an expenditure plan prior to allocating the $550,000 in the City Manager's Office to any on-going expenditures, such as personnel.

ANALYSIS

Thanks to Dolan Beckel for lending his expertise and experience to these negotiations, and for producing results that have already captured national attention, providing a template for cities seeking to balance the need for industry investment with digital equity. Thanks also to Kip Harkness and Shireen Santosham for their very effective efforts battling powerful Sacramento and Washington industry lobbyists that sought to undermine the ability of cities to strike public-serving agreements like these.

Each of these agreements will significantly upgrade broadband service for residents and businesses, resulting in more than $500 million in investment in digital infrastructure, making San Jose the city with the most expansive "small cell" deployment in the nation. They will result in millions of dollars more of investment in the City—hiring city staff, improving their skills, and expediting processes— all of which will enable us to better speed deployment for the benefit of our residents and businesses.

Most remarkably, these agreements will generate $24 million for the Digital Inclusion Fund to close the digital divide that leaves 95,000 of our low-income residents without internet access. On May 1, the City Council approved a "Digital Inclusion Fund" that the City will use to support efforts to close the digital divide for the residents of San Jose, with a focus on low-income youth as well as other vulnerable populations, such as the elderly and disabled. Today nearly 70% of teachers assign homework that requires internet access, leaving millions of children shut out of educational and economic opportunity. With these new agreements, the City Council reiterates our commitment to closing the digital divide in San Jose.

We have much work to do. Last year, the Mayor's Office raised external funds to commission a study in partnership with Stanford University to better understand the digital divide in San Jose. Key findings of the study included:

- Only 45% of low-income families, making less than $35,000 a year report having broadband access at home, and African-American and Latino families appear most likely to lack access

- Low-income children without broadband have unpredictable, unreliable access to the internet to do their homework, with limited hours

- A majority of low-income families report that they cannot afford current $ 10/month low-cost plans

These new broadband deployments offer the opportunity to create more equity in San Jose. We will do so by incentivizing the private sector to provide more balanced deployment geographically to underserved areas such as East San Jose, and by providing publicly-controlled funding to close the digital divide.