Items 3.3, 3.4, 3.5
Actions related to Agreements with Mobilitie, AT&T, and Verizon

Kip Harkness and Dolan Beckel

June 26, 2018

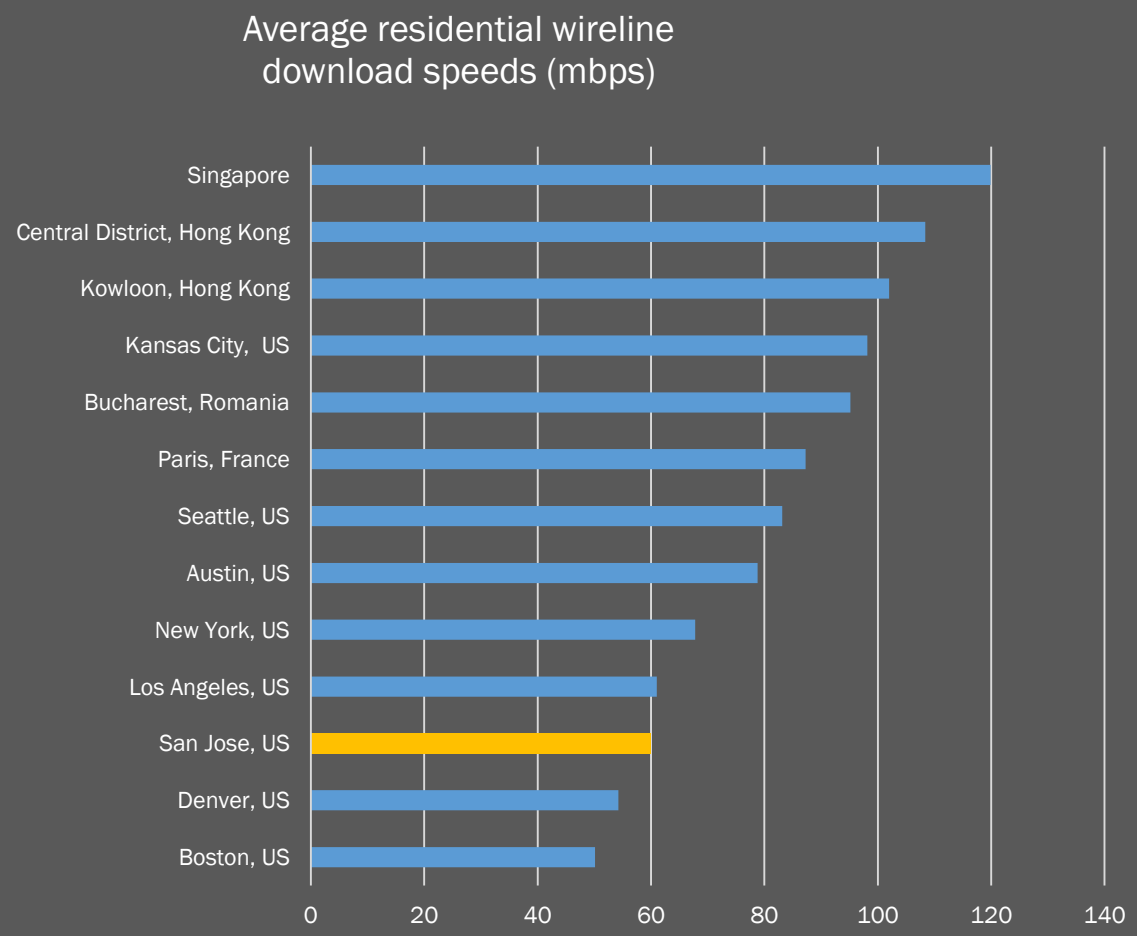
Today's Agenda Items

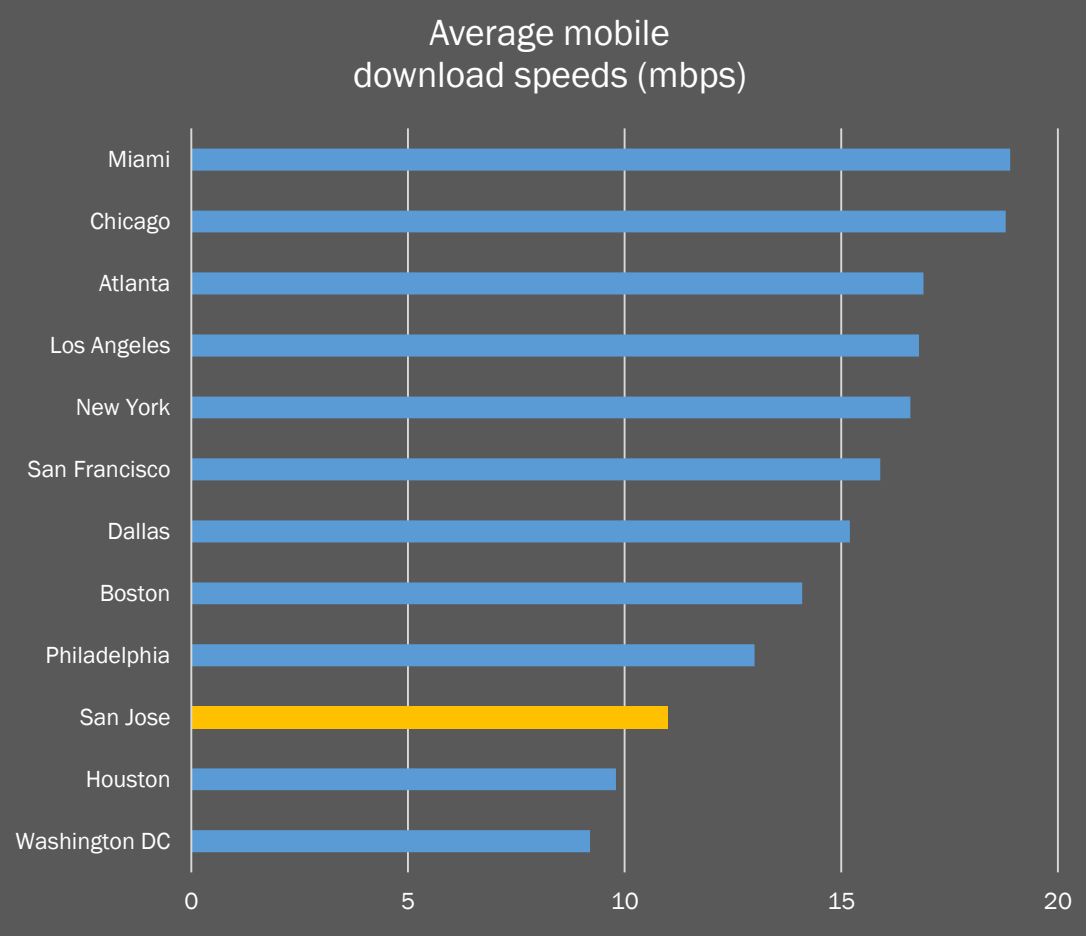
1. Collective impact of three new telecom agreements that dramatically accelerate broadband in San Jose:
   - Approximately 4000 small cells
   - Almost 1000 miles of fiber
2. Digital inclusion and broadband strategy
3. Specific agreements:
   - AT&T
   - Mobilitie on behalf of Sprint
   - Verizon

Collective Impact of Three Telecom Agreements

- **Quality, Choice, and Pricing**
- **GDP and Job Growth** - Approximately $500 million in private sector telecom infrastructure investment over next 5 years
- **Digital Inclusion Fund** - Approximately $24 million investment in broadband operations, permitting improvements, and digital inclusion over agreement duration
- **Smart City/In Kind** – Creation of Smart City Innovation Zones to pilot smart city and internet of things (IoT) solutions – in-kind investment of approximately $4.6 million over next 2 years
- **Street Light Operations and Maintenance** – Approximately $6 million in attachment fee revenue to operate and maintain light poles with attachments over agreement duration
- **Telecom Capital** – alignment of telecom capital expenditure planning cycle with City decision making process

Broadband Strategy



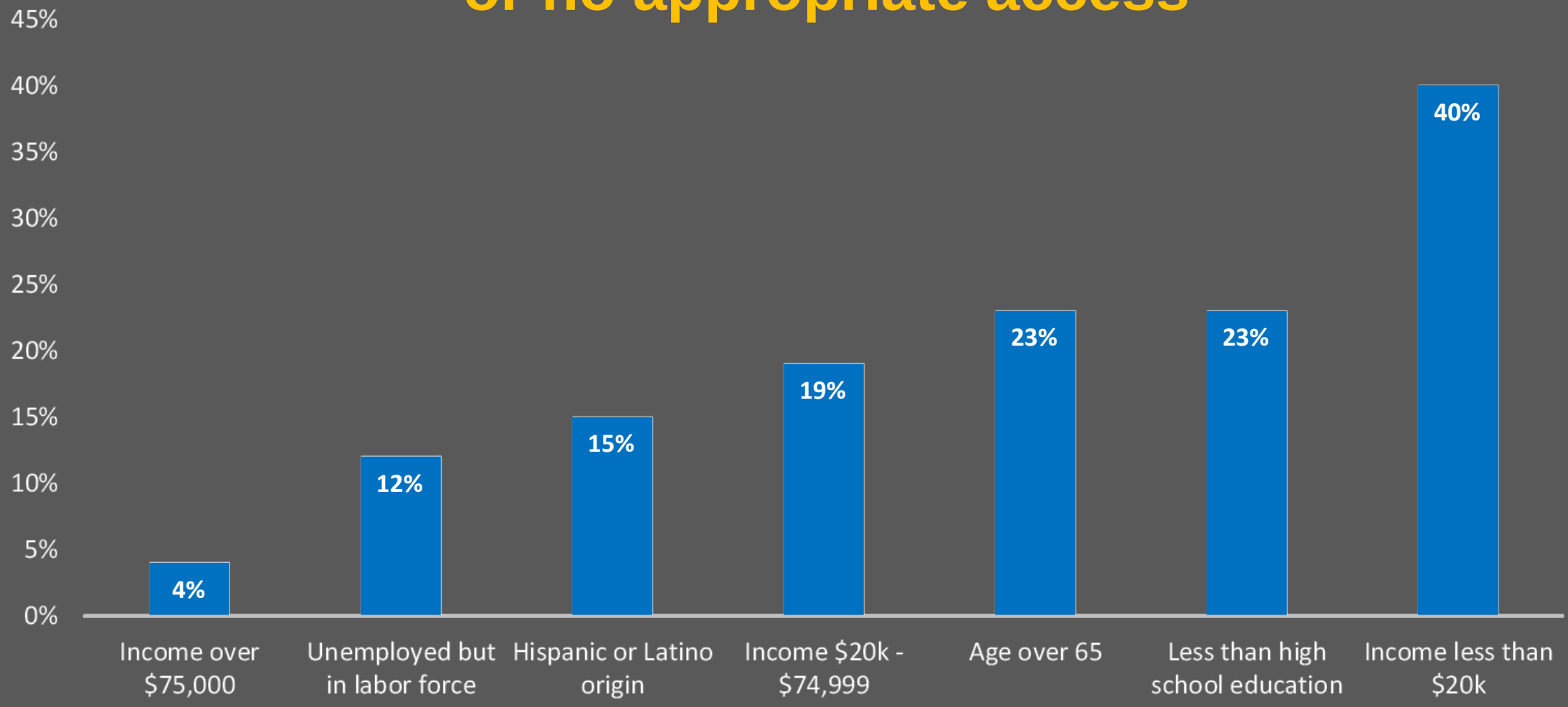


San Jose's broadband significantly lags our peers

Source: Akamai and speedtest.net

Broadband Strategy

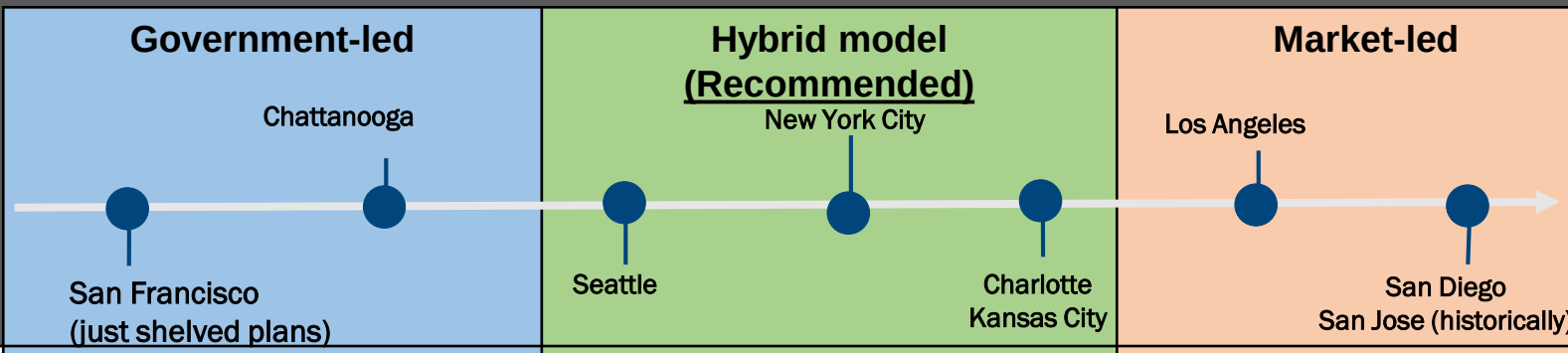
95,000 individuals have no home broadband or no appropriate access



Source: 2015 American Communities Survey
Percentages are compared to category – overlap occurs

Broadband Strategy

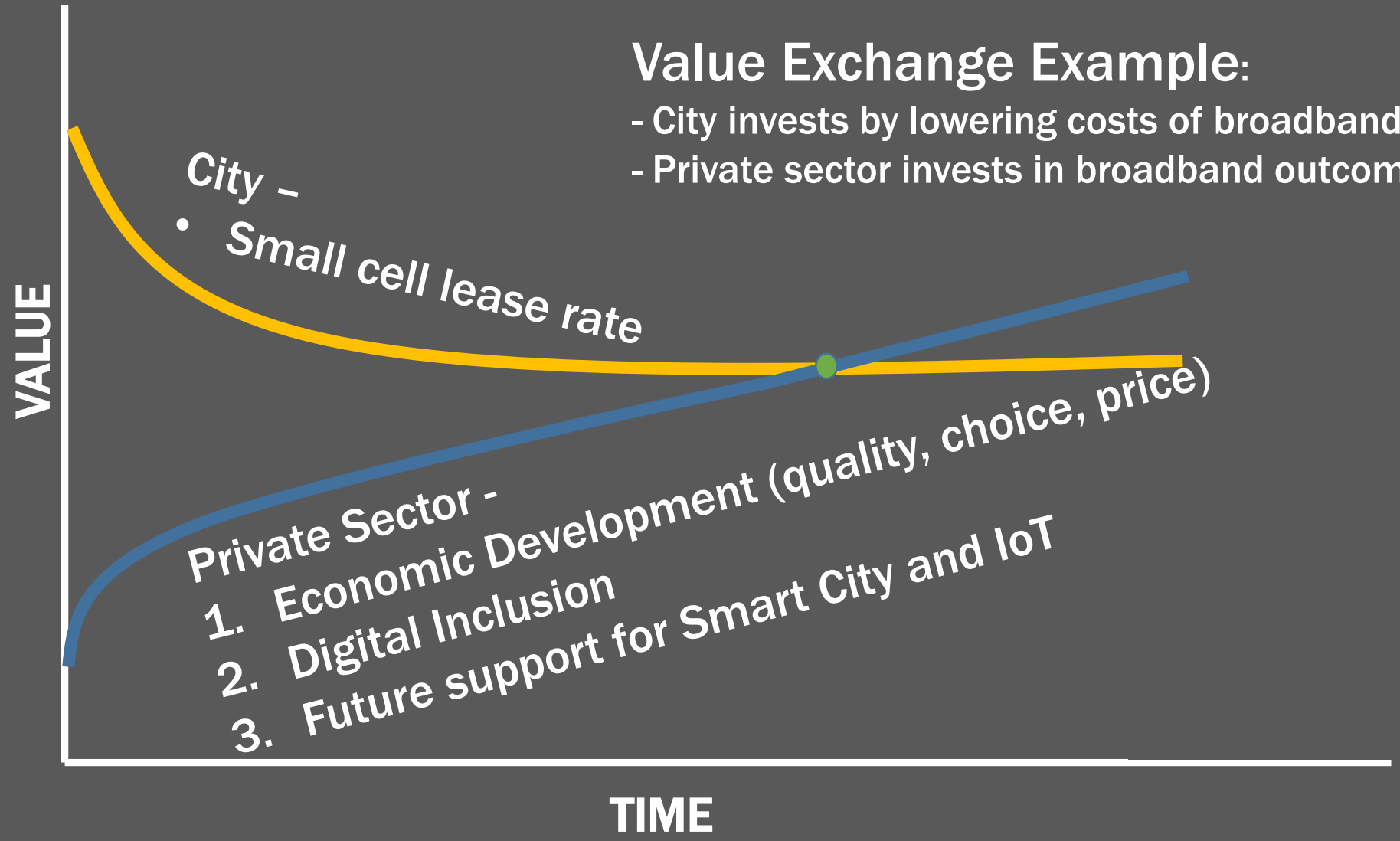
Hybrid Approach – 80% results for 20% effort



	Government-led	Hybrid model (Recommended)	Market-led
Summary	Cities building full fiber networks is expensive, complex, and risky Too Risky	Cities that welcome private investment with appropriate guidance are most successful Just Right	Cities with laissez faire broadband stagnate as cable-telecom duopolies Too Ineffective
Key Takeaways	• Seattle, Palo Alto and others have determined that city-led full fiber build-outs are not practical, after detailed assessments • Chattanooga's unique buildout included control by the utility and federal funds	• Seattle leveraged streamlined policies to drive competition and massive fiber buildout • NYC used franchise agreements to drive fiber build-out	• Broadband speed and price cluster to the bottom of the peer set • No substantial competition in any market-led city
Potential costs	**Very high.** City-owned fiber-to-the-premise would cost $800M+.	**Moderate.** Working with carriers could cost $50-250M based on build types.	**Very low or none.** City relies on private sector investment.
Results	Peers show **90%+ fiber build-out.**	Peers show **55-70% fiber build-out.**	Peers show **0-5% fiber build-out.**

Broadband Strategy

Leverage valuable city assets



Value Exchange Example:

- City invests by lowering costs of broadband deployment
- Private sector invests in broadband outcomes

Broadband Strategy – Recent Progress

- Approved May 1st agreement
- Continued hiring and starting improving permitting process
- Incorporated the June 2nd Smart City Committee feedback on LED retrofits and smart controllers into our telecom negotiations
- Identified the consultants to help design an appropriate city-wide organization structure and program strategy to close the digital divide in San Jose
- Announced three additional agreements being brought to Council today

Broadband Strategy

Negotiated Lease Rates (usage fees) Incent Telecom Investment

Deployment Tier	Small Cell Commitment	Lease Rate (per pole/per year)
1	**2,000+**	**$750**
2	**1500-1999**	**$850**
3	**1,000-1499**	**$900**
4	**600-999**	**$1,250**
5	**50-599**	**$1,500**
6	**1-49**	**$2,500**

AT&T Proposed Agreement

- Negotiate and execute agreement
- Tier 1 City Wide deployment
- Revenue and in-kind equal to usage fee of $750 per site per year
- Premier digital inclusion and smart city partnership
    - Creation of Smart City Innovation Zones to pilot:
        - LED Retrofits and Smart Controllers
        - Street light based connectivity platform and sensors
        - Structure Monitoring
- Collaboration on equitable build-out
- LED retrofit for appropriate value exchange
- Agreement is protected against Change of Law

Mobilitie (Sprint) Proposed Agreement

- Execute
- Tier 5 deployment
- 140 small cells at $1500 usage fee revenue per site per year
- $1.0 M investment in permitting improvements
- $700,000 permitting drawdown account
- Collaboration on an equitable build-out
- LED retrofit for appropriate value exchange
- Agreements protected against Change of Law

Verizon Proposed Agreement

- Negotiate and execute
- Tier 1 deployment
- Revenue and in-kind equal to usage fee of $750 per site per year
- Premier digital inclusion and smart city partnership
- Creation of Smart City Innovation Zones to pilot:
  - Traffic, Intersection, and Parking Management
  - Fleet Management
  - Integration with existing eTracker
- Collaboration on equitable build-out
- LED retrofit for appropriate value exchange
- Agreements protected against Change of Law

Common Community Questions

- New City of San Jose website landing page for small cell information
  - http://www.sanjoseca.gov/smallcell
- Public Noticing
  - Prior to permit submittal, telecom mails a notification letter to addresses within a 300-foot radius
  - Recipients have 20 calendar days to relay concerns and questions to telecom
  - Telecom addresses issues prior to permit submittal
  - Telecom informs City of San Jose Public Work, in writing, if issues are not resolved
  - If Public Works cannot resolve, it will be escalated to Broadband Team
  - If we cannot resolve we will escalate to Deputy City Manager for further consideration
- Design
  - Picture of standard City of San Jose design included on subsequent slide
  - City of San Jose is not landlord of wooden poles
- Safety
  - The broadband team will evaluate any need for potential policy intervention on health and safety and is very open to engage with and be engaged by the FCC when appropriate
  - The FCC does not allow local authorities to deny permits based on health concerns

Additional Points

- New benchmark for public private collaboration in telecom space
- Large and necessary scale of infrastructure build for the 21st century
- Relevant Smart City pilots at no cost to the city
- Significant commitment to close the digital divide
- Execution and commitment to Public Works

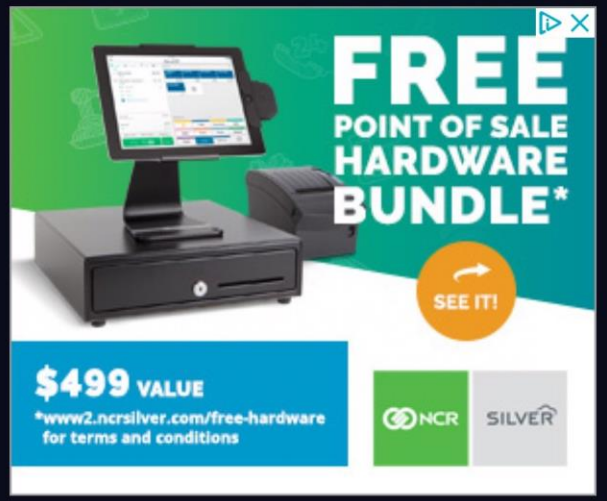
AT&T LTE 4:07 PM 92%

SPEEDTEST

DOWNLOAD Mbps 3.02

UPLOAD Mbps 3.05

Ping 33 ms | Jitter 7.7 ms | Loss -%

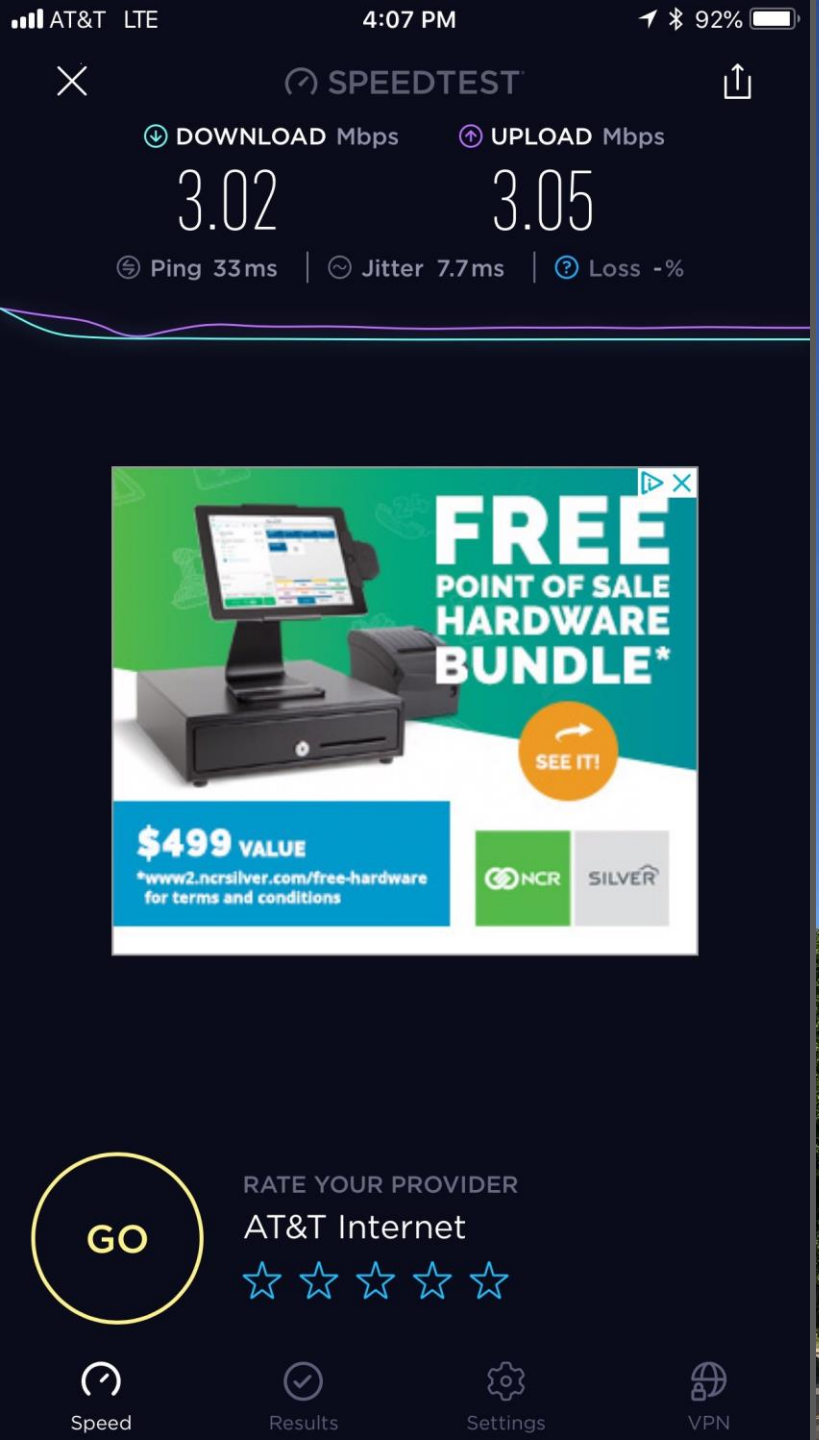


GO

RATE YOUR PROVIDER

AT&T Internet

Speed Results Settings VPN


AT&T LTE
4:07 PM
92%
SPEEDTEST
DOWNLOAD Mbps
UPLOAD Mbps
3.02
3.05
Ping 33ms
Jitter 7.7ms
Loss -%
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RATE YOUR PROVIDER
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$1000 FINE
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STOPPING
ANY
TIME

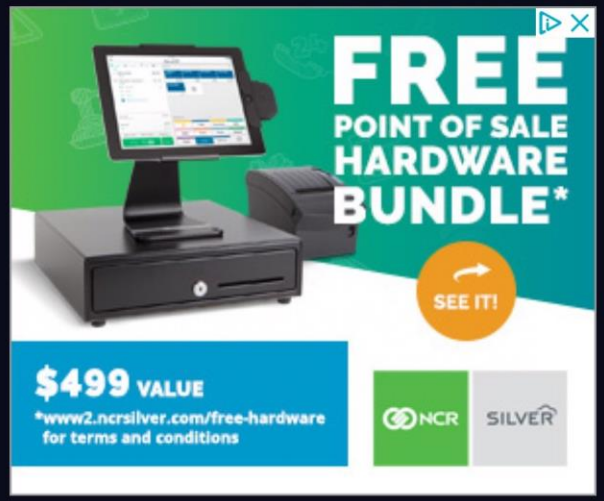
AT&T LTE 4:07 PM 92%

SPEEDTEST

DOWNLOAD Mbps 3.02

UPLOAD Mbps 3.05

Ping 33 ms | Jitter 7.7 ms | Loss -%



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RATE YOUR PROVIDER

AT&T Internet

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Speed Results Settings VPN



AT&T LTE 6:29 PM 64%

SPEEDTEST

DOWNLOAD Mbps 118

UPLOAD Mbps 41.4

Ping 34 ms | Jitter 8 ms | Loss -%

See Also

Best Unlimited Internet Plans

Fastest Broadband Available

Fastest Internet Available

2018 Best Antivirus Software

GO

RATE YOUR PROVIDER

AT&T Internet

★ ★ ★ ★ ★

Speed Results Settings VPN

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