

DEVELOPMENT AGREEMENT FOR A CITYWIDE FIBER OPTIC SYSTEM

Innovation & Technology Department

City Council Meeting
May 17, 2022

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1

BACKGROUND



- In late 2021, staff was approached by **SiFi**, regarding an offer and opportunity to build a **Citywide Fiber Optic Network at no cost to the City.**
- SiFi to **privately fund, design, construct and maintain** a citywide privately funded open-access network with their private capital and operational investment being **over \$300,000,000.**
- The network would include **all City facilities, residences, businesses, and institutions within the City of Riverside** providing up to 10-gigabit residential broadband and up to 100-gigabit business connectivity.



2

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2

DISCUSSION



The proposed Development Agreement (Agreement) with SiFi Networks Riverside, LLC (SiFi) shall result in a **9 million linear feet (1,690 miles) Citywide Fiber Optic System** delivered to all residences and businesses within the City's estimated 106,000 parcels

The Agreement grants SiFi:

- Non-exclusive **right-of-way access**
- Authorizes SiFi to **install fiber optics in the City's public right-of-way**



SiFi will then lease the fiber lines to Retail Internet Service Providers (ISPs) to provide **residential and business internet service**.



3

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3

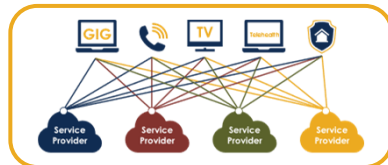
FIBERCITY BUSINESS MODEL COMMUNITY COMPETITION CHOICE



SiFi privately funds and maintains a **citywide fiber network** that serves every premise to drive equality and Remove the digital divide.



SiFi creates a level playing field by **operating the network** and **wholesaling access** to ISP's who wish to provide residential and business services in the community.



ISP's focus is realigned to provide **competitive products, services** and **pricing** for everyone.

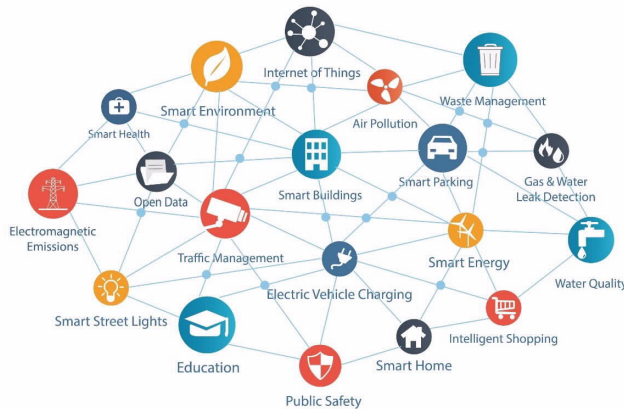


4

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4

A CONNECTED COMMUNITY MORE THAN JUST A GIG!



Diverse, high capacity, reliable

A future ready network to **support current and emerging technology**

Every municipal location and street fixture can be **connected**

Municipality **controls their own speed of data and quality of service**

More than just **broadband competition**

Intelligent data to **support community outreach and public interest**



5

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5

DISCUSSION CONT.



SiFi will own the **backbone infrastructure** and the **maintenance and repair of the physical fiber** network is the sole responsibility of SiFi.



Residents and businesses will have the option to **remain with their current ISP or seek subscriptions** with providers who have leased fiber from SiFi's Open-access Partner ISPs.



Existing ISPs that **provide high-speed Internet access** in the community will **continue to provide those services**.



6

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6

DISCUSSION CONT.

The **Development Agreement** grants full-access to the public right-of-way to install cables via **micro-trenching technology**.



7

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7

DISCUSSION CONT.

Minimally invasive micro-trenching consisting of **1.5 – 2 inch wide** trenching up to **2,500 feet per day**




8

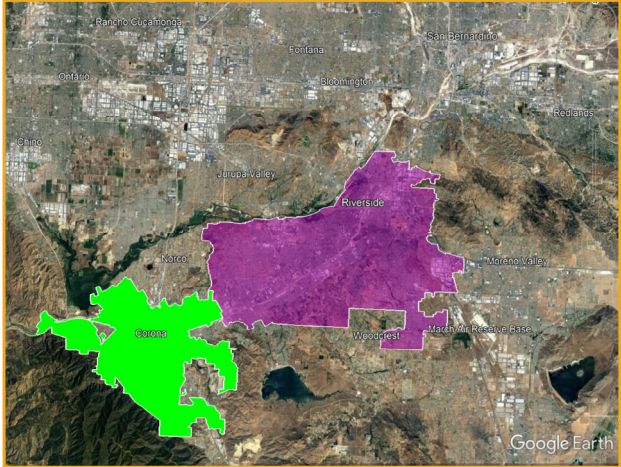
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8


DRIVING ECONOMIC GROWTH CITYWIDE INFRASTRUCTURE




Availability of Citywide broadband ranks the City **158 out of 482**, based on publicly available data



Google Earth



Only **39% of homes** throughout the City are passed with fiber optic cable, based on publicly available data




9


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9

REMOVING THE DIGITAL DIVIDE EVERY PREMISE PASSED




No **network demographic segmentation** or **social profiling**





Fiber network passes **every premise** and connects a premise with fiber when the occupier **requests connectivity**




10

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10

PRICING THAT SUPPORTS EVERYONE COMPETITION & PHILANTHROPY




GigabitNow Fiber Optic Internet

Fiber Optic Network Built Exclusively for Fullerton

- Fastest Wi-Fi Available
- No Contracts or Hidden Fees
- No Buffering or Throttling
- Fast Symmetrical Speeds
- Unlimited Data Usage
- Multiple Devices, Multiple Users

Internet How It Is Meant To Be


<p>Gigabit Residential Internet</p> <p>Now Starting at</p> <p>\$60/mo</p> <p><small>Free Equipment, Setup and Install</small></p> <p>View Residential Pricing</p>	<p>Gigabit Business-Class Internet</p> <p>Starting at</p> <p>\$99/mo</p> <p><small>+ One-Time Setup Fee</small></p> <p>View Business Pricing</p>
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Symmetrical 1 Gigabit Internet

c.\$30


Low Income Support.
Offering Further Reduced with Philanthropic
and or Government Subsidy



SIFI NETWORKS ALLOCATES A
MAXIMUM NUMBER OF
ADDRESSES THAT CAN QUALIFY
FOR THE SUPPORT



THE CITY SPECIFY WHICH
ADDRESSES QUALIFY.
THESE WILL BE
UPDATED ANNUALLY



SIFI NETWORKS OFFERS A
HEAVILY REDUCED WHOLESALE
RATE TO OUR ISPs WHO IN TURN
OFFER A LOW COST SERVICE TO
THE QUALIFYING RESIDENT

* GigabitNow is just one of many ISPs using the FiberCity® network



11

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11

PERSONALIZED COMMUNICATION LOCAL COMMUNITY LIAISON



Community liaison to inform
you about your
**neighborhood construction
schedule**

Locally employed resident

Daily presence and
contactable

A **single point of contact** to
address neighborhood
questions



12

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12

NETWORK INSTALLATION MINIMAL ROAD DISRUPTION



Quick construction technique. Installed within **2 days or less**

Less than 2-inch-wide trench

Finish material approved by California Department of Transportation and mimics existing roadway surface



13

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13

NEIGHBORHOOD ENGAGEMENT MEET THE COMPETITIVE ISPs



Weekly taco truck eat and greet event to interact with the ISPs in the neighborhood

Ask questions and discuss the **services being offered by the competitive ISPs**

Sponsored and paid for by SiFi



14

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14

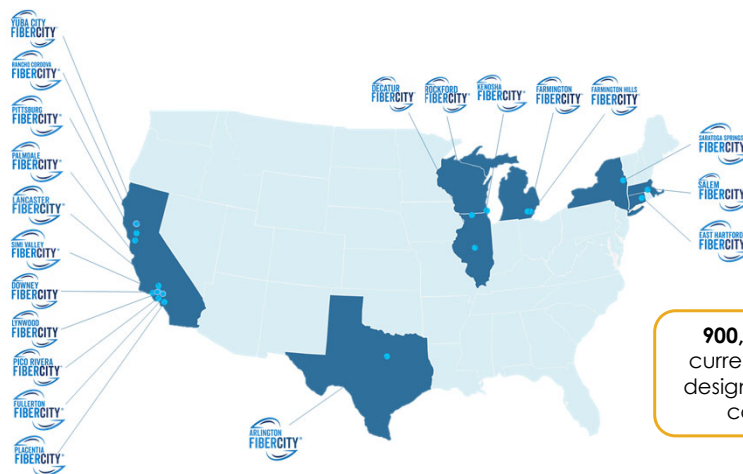
COMMUNITY AWARENESS CONSISTENT MESSAGE



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15

FIBERCITY PARTNERSHIPS CURRENT OPEN ACCESS PROJECTS



900,000 premises
currently in funding,
design and or active
construction



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16



Powered by SiFi Networks



17

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17

DISCUSSION CONT.

Additional pertinent points of the Development Agreement include:



1. On a monthly basis, **SiFi will reimburse the City for actual fees and costs incurred by the City** including labor cost of contracted services if required to perform plan check, permit review, and inspection services, not to exceed \$150,000 per year.
 2. SiFi shall **reimburse the City up to \$8,333.33** per month associated with employing, training, and retaining a single point of contact (SPOC) to facilitate and expedite plan check, permitting, and inspection communications with SiFi and its contractors.
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3. Initial term is **thirty (30) years** with **two thirty (30) year term extensions** available.
 4. The City of Riverside may not enter into a **similar agreement for one-year** from the effective date of this Development Agreement.



18

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18

DISCUSSION CONT.

Additional pertinent points of the Development Agreement include:



1. SiFi or it's construction partners will endeavor to **maximize local hiring** and **train approximately 100 people** to support the installation of the network and a permanent 24/7 field service crew that stays within the City for the project's entire lifetime.



2. SiFi shall offer **FiberCity® Aid Program** dedicated to subsidizing connectivity to 12% of the City's housing units to support vulnerable families, with the City determining the parameters for which households qualify.



19

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19

DISCUSSION CONT.

Additional pertinent points of the Development Agreement include:



1. SiFi shall allow the City to use the System for **governmental internal data communication** and **non-retail purposes**, subject to a separate agreement to be negotiated in good faith between the Parties, at a rate substantially less than market rate.



2. More than one (1) ISP will have the opportunity to **operate the network**.
3. Should SiFi abandon the network, the **City would assume ownership**.



20

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20

DISCUSSION CONT.

Additional pertinent points of the Development Agreement include:

1. Substantial completion goal of **ninety-five percent (95%) system buildout** is projected. The project includes an initial nine (9) months system design phase followed by four (4) years of construction.
2. City and SiFi will negotiate in good faith **six (6) mutually agreeable locations** for the installation and operation of up to **six (6) SiFi Shelters** (approximately 1,000 square feet per location).
3. Shelter locations will be subject to **separate lease, easement, or other suitable agreement type**, including payment by SiFi of fair market value for the use and occupancy of each shelter on City-owned land.



21

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21

DISCUSSION CONT.



1. If the **Development Agreement is approved**, the City could then begin to negotiate the terms of a Smart City Managed Services Agreement with SiFi.



2. The **Smart City Managed Services Agreement** will establish terms and conditions for a proposed City closed-loop municipal fiber network.



22

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22

LIABILITY MANAGEMENT

Insurance Types

SiFi is required to provide the City with proof of insurance to ensure that SiFi has access to sufficient funds to pay for any potential claims. Required insurance coverages include:

1. General Liability
2. Auto Liability
3. Workers Compensation
4. Pollution Liability
5. Cyber Liability
6. Errors & Omissions
7. Builder's Risk

Insurance Provisions

SiFi will also list the City as an 'additional insured' on their General Liability & Auto policies.

'Additional Insured Status' gives the City another level of protection in case a claim/lawsuit is filed.

Indemnity Language

Indemnity means to 'make whole.' SiFi is contractually required to make the City 'whole' of any claims or litigation that arise out of their work.

Security Maintenance

SiFi is contractually required to have dedicated funds set aside to pay for any damages to public infrastructure during the construction phase of the project.



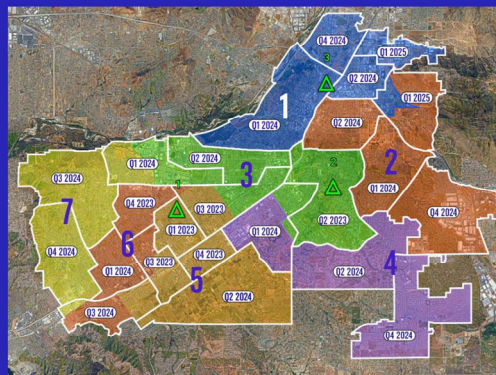
23

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23

CONSTRUCTION SCHEDULE

RIVERSIDE FIBERCITY® CONSTRUCTION SCHEDULE



24

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24

STRATEGIC PLAN ALIGNMENT

Envision Riverside 2025 Strategic Plan Priorities



Economic Opportunity



Infrastructure, Mobility, and Connectivity

Cross-Cutting Threads



Community Well Being
Significant endeavor to improve the City's infrastructure network.



Fiscal Responsibility
Development is fully funded by SiFi who is seeking private funding for the design and construction of the network.



Sustainability and Resiliency
Provide access to a system of up to 10 gigabit connectivity for residences and up to 100 gigabit connectivity for businesses improving the City's resiliency while supporting the community's need for fiber access.



Equity
Citywide access to fiber resulting in equitable distribution of services throughout the City.



Innovation
Provide a Citywide Fiber Optic Network via a public/private partnership.



25

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25

FISCAL IMPACT



1. Currently, there is **no fiscal impact** of this proposed Development Agreement.
2. On a monthly basis, SiFi will **reimburse the City for fees directly related to this project** including single point of contact (SPOC), Contracted plan check, permit review and inspection services not to exceed \$250,000 per year.



26

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26

RECOMMENDATIONS

That the Mobility and Infrastructure Committee:



1. Approve the proposed **Development Agreement** between the City of Riverside and SiFi Networks Riverside, LLC for a Citywide Fiber Optic Network as recommended by the Mobility and Infrastructure Committee; and



2. Authorize the City Manager, or designee, to execute the **Agreement** and any additional documentation to effectuate this Agreement and the ability to make minor non-substantial changes.



27

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