

CITY OF PALM DESERT STUDY SESSION STAFF REPORT

MEETING DATE: January 11, 2024

PREPARED BY: Deborah Glickman, Management Analyst

REQUEST: STUDY SESSION: PROVIDE FEEDBACK FOR THE PALM DESERT BROADBAND FEASIBILITY AND MASTER PLAN STUDY

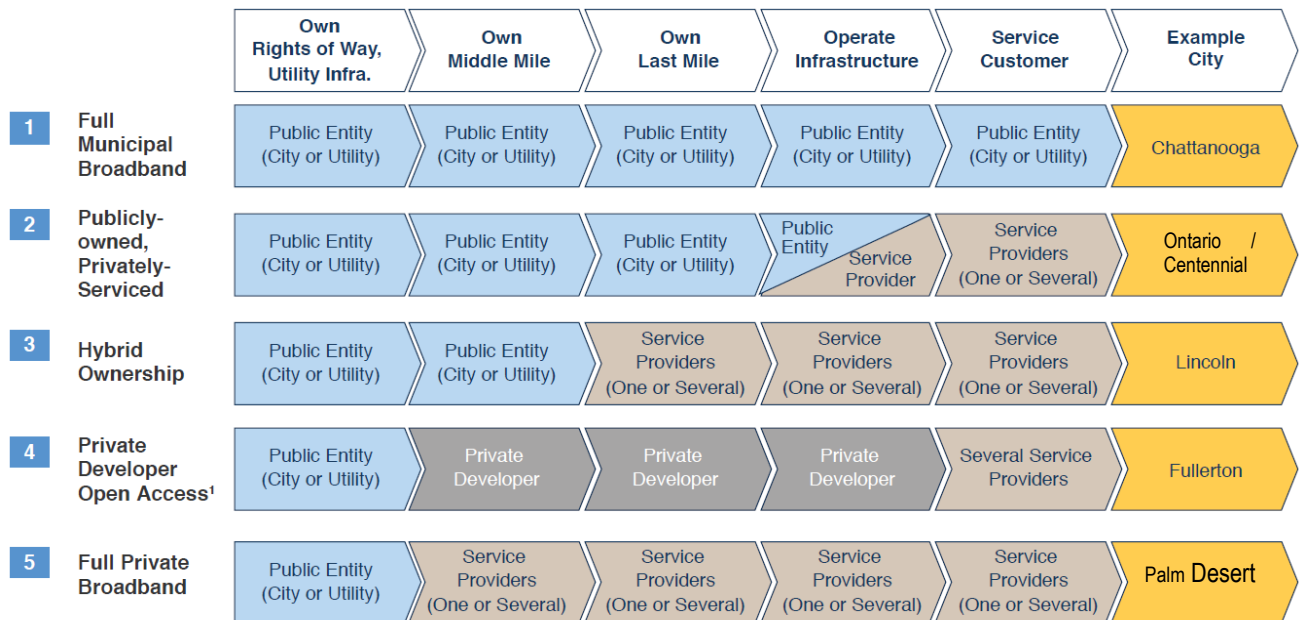
RECOMMENDATION:

Receive information and provide feedback on the Palm Desert Broadband Feasibility and Master Plan Study.

BACKGROUND/ANALYSIS:

The City contracted with HR Green to conduct a Broadband Feasibility and Master Plan Study (Study). For the Study, HR Green met with community partners, conducted a community survey, and reviewed the City’s current assets. The DRAFT Study explored five (5) Broadband models as shown below:

City Main Business Model Options for Broadband Expansion



Note: 1) Private Developer is defined as private company that builds, owns and operates the network infrastructure and offers open access to it to several retail SPs that provide service on the top

HR Green recommends the City partner with a broadband company to build a middle mile network for City use and potentially leasing it to internet service providers to bring broadband service to the community (Attached). This “Hybrid-Ownership” strategy allows the City to outsource the construction, maintenance, and day to day operations of the broadband program instead of having to create the service in-house. It also allows for a variety of financing options including paying for the broadband all at once or over a period of time.

Based on the “hybrid-ownership” recommendation a Request for Expression of Interest (RFEI) to potential broadband partners was released on November 8., 2023, with the intent of identify potential partnerships for the build-out of the City’s DRAFT Study and network system. Only one (1) firm responded to the RFEI, “Arcadis”, and an interview between the respondent, City staff, and the consultant team was held on December 15, 2023.

Arcadis presented themselves as an amenable partner for the City to build-out and possibly expand the middle-mile network. They have the qualifications and expertise to partner with the City to implement the Study. However, they indicated that, even with a Study adopted, negotiations for financing, contract and network administration, and market research on their end still need to be completed before a partnership can be established.

Cost for Build-Out of a Middle-Mile Network

Utilizing the “Hybrid-Ownership” model, the consultant put together cost estimates to build-out the proposed middle-mile network. Cost estimates anticipate conduit capable of carrying 288-strands of fiber, which is an industry standard and at a cost of \$12.1M. These costs can be offset from Federal and State grants; however, the City’s competitiveness for these funds is unknown at this time.

Category Description	Cost Estimate	Price per foot
Estimated 288ct Material Costs	\$697,429	\$6.24
Estimated Backbone Installation Cost (no splicing)	\$9,803,606	\$87.75
Estimated Design Engineering and PMO Labor Cost	\$298,298	\$2.67
Estimated 288ct Total Backbone Segment w/Splicing Cost	\$12,167,553	\$108.91

The primary objective of this second study session is for HR Green to present its findings to the City Council and allow the Councilmembers to ask questions about the draft study before the final report is prepared. This process will ensure that HR Green and the City Council are in

agreement prior to HR Green’s finalizing the Study. The final Study will be submitted to staff in late January and presented to the City Council in the first quarter of 2024 for approval.

Legal Review:

This report has been reviewed by the City Attorney’s office.

FINANCIAL IMPACT:

The total cost for HR Green to conduct the Study, inclusive of the Request for Expression of Interest, is \$130,000. Funds are included in the current budget.

Costs associated with the Study implementation will be determined at the time of the plan’s adoption.

ATTACHMENTS:

1. Draft Broadband Feasibility and Master Plan Study
2. Map of Network System
3. Presentation