

**TO: HONORABLE CITY COUNCIL**

**FROM: CITY MANAGER** **DEPARTMENT: UTILITIES**

**DATE: OCTOBER 14, 2003** **CMR:451:03**

**SUBJECT: APPROVAL OF CONTINUATION OF THE FIBER TO THE HOME TRIAL**

### **REPORT IN BRIEF**

#### **RECOMMENDATION**

Staff recommends that Council approve the continuation of the Fiber to the Home (FTTH) trial until such time as the study of a FTTH citywide build out is officially terminated, or until the trial is incorporated into a Citywide build out.

#### **BACKGROUND**

The FTTH trial has been operating for two years. The fees from participants exceeds operating costs by approximately \$1300/month, therefore the project is cash flow positive. The project was built to demonstrate the following:

- That Utilities could build and operate a FTTH system
- To test services which can be offered over an FTTH system
- To provide the community with opportunities to experience an FTTH system
- To evaluate customer acceptance of FTTH products and services, and
- To test FTTH equipment that is available in the market.

All of these are ongoing functions of the FTTH trial.

## **DISCUSSION**

The FTTH trial is a key educational and research resource which is operating on a cash flow positive basis. Until a decision is made to either continue researching a Citywide build-out of FTTH or to abandon it, the trial continues to benefit the community in the following ways:

1. Offers the community an opportunity to learn first hand about FTTH through the demonstration sites.
2. Continues to provide staff a test environment to research new equipment and construction techniques.
3. Gives staff a knowledgeable customer base to query regarding FTTH products and services.
4. Preserves the investment in the trial infrastructure. This can be integrated into a Citywide build out, should that occur.
5. Generates approximately \$1300/ month in net revenue.

These benefits are particularly important if the decision is made to continue the FTTH build-out study. The study report is anticipated to come to Council later this year, or early next year.

## **RESOURCE IMPACT**

The project generates a net of \$1300 per month after contracted services are paid.

## **POLICY IMPLICATIONS**

The staff recommendation does not represent any change to existing City policies, but does support the Utilities Strategic Plan Strategy No.4: Deliver products and services for competitive markets and Objective No.1: Enhance customer satisfaction by delivering valued products and services. The FTTH trial was listed in the Strategic Implementation Plan as a key initiative.

## **TIMELINE**

Services to continue in place until a determination is made about an FTTH build out.

**ENVIRONMENTAL REVIEW**

A mitigated negative declaration for the City’s fiber optic infrastructure project was approved by the Director of Planning and Community Environment on November 25, 1996. FTTH Trial is a continuation of that project.

**PREPARED BY:**

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