UTILITIES DEPARTMENT
INFORMATION TECHNOLOGY DEPARTMENT

Request for Proposal (RFP) Number 152569
for Professional Services

Fiber-to-the-Premise Master Plan

Pre-proposal Teleconference: 9:30 a.m.
Thursday, July 10, 2014

RFP submittal deadline: 3:00 p.m.
Tuesday, July 29, 2014

Contract Administrator: Carolynn Bissett
E: carolynn.bissett@cityofpaloalto.org
REQUEST FOR PROPOSAL (RFP) NO. 152569
FOR PROFESSIONAL SERVICES

TITLE: Fiber-to-the-Premise Master Plan

1. INTRODUCTION

The City of Palo Alto (“City” or “Palo Alto”) is requesting proposals from qualified and experienced telecommunication consulting firms to develop a Fiber-to-the-Premise Master Plan (“Master Plan”) and assist the City in writing a Request for Proposal (“RFP”) to build a citywide network. Development of this plan is a key part of the City’s “Technology and the Connected City” initiative started by the Mayor and the City Council in March of 2013. The principal objective of the Master Plan is for the City to collect information and data that will guide the evaluation of the best approach for Palo Alto becoming a “Gigabit Community.”

The City’s Information Technology and Utilities Departments have the responsibility for developing the Master Plan.

As part of the City’s technology initiative, a separate RFP process will be conducted to retain a consulting firm to develop a Wireless Network Plan. Qualified Proposers responding to this RFP may also respond to the RFP to retain a consulting firm to develop the Wireless Network Plan.

The proposed Master Plan will facilitate the City's interest in evaluating the feasibility of building out its 41-mile dark fiber optic backbone system (“Fiber System”) to provide citywide access to a Fiber-to-the-Premise Network (“FTTP Network”). The primary objectives of the Master Plan are:

1. Provide the City with essential information and data to set its goals and objectives to facilitate the deployment of a FTTP Network in Palo Alto;
2. Develop an inventory and assessment of City assets and infrastructure required to support the deployment of a FTTP Network;
3. Evaluate the impacts a FTTP Network will have on City rights-of-way, City-owned utility poles, conduits, streetlight poles, Fiber System and real property;
4. Define and evaluate FTTP Network requirements;
5. Define services and technologies offered on the FTTP Network;
6. Prepare an engineering study and FTTP Network design, deployment cost model and potential business models to build and operate a citywide network;
7. Provide the City Council with findings and recommendations regarding the feasibility of building a FTTP Network and the best business model to pursue this goal;
8. Assist City staff in writing the RFP based on City Council review and approval of the findings and recommendations in the Master Plan, and further direction from the Council to proceed with issuing an RFP to build a citywide FTTP Network.
The preferred consultant must demonstrate prior experience working with government agencies developing next-generation communication networks for broadband, with particular expertise in preparing FTTP Network designs and deployment cost models, business models, evaluation of complementary wireless technologies and evaluation of the infrastructure required to support both wireline and wireless communication networks.

In relation to the preparation of the Master Plan, it is important to consider that the City of Palo Alto is one of thirty four (34) U.S. cities that Google Fiber is working with to explore the possibility of building an ultra-high speed network. The City provided a thorough and thoughtful response to the information and data requested in the Google Fiber City Checklist by the May 1, 2014 deadline.

A large amount of City and utilities-related “public” and “non-public” proprietary information and data about infrastructure, infrastructure access and construction was compiled during the process of responding to the Google Fiber City Checklist. The information and data collected will help to facilitate the work required to prepare a Master Plan. Below is a link to the City’s website with the “public” information the City provided to Google in its Checklist response:

A link is also provided to the April 29, 2014 staff report to the City Council which provided an update about the Google Fiber Checklist response. As indicated in the staff report, access to “non-public” proprietary City and utilities-related infrastructure information and data can only be obtained under the auspices of a non-disclosure agreement (Attachment H).
City Manager Report ID # 4601, (April 29, 2014) Google Fiber Update
http://www.cityofpaloalto.org/civicax/filebank/documents/40088

Proposers may also want to review the “Open Data Platform” on the City’s website as a resource for important information about Palo Alto:
http://www.cityofpaloalto.org/gov/depts/it/open_data/default.asp

2. ATTACHMENTS

The attachments below are included with this Request for Proposals (RFP) for your review and submittal (see asterisk):

Attachment A – Proposer’s Information Form*
Attachment B – Scope of Work/Services

---

1 The City considers 1 gigabit-per-second (“Gbps”) symmetrical service as a baseline for a “next-generation” FTTP Network; however, a range of high data rate transmission speeds in the downstream and upstream direction should be evaluated. One gigabit symmetrical offerings may not be required or feasible; however, widely asymmetrical bandwidth offerings may undermine the City’s goals for deploying an ultra-high speed next-generation FTTP Network.
3. INSTRUCTIONS TO PROPOSERS

3.1 Pre-proposal Teleconference

A pre-proposal conference will be held Thursday, July 10 2014 at 9:30 a.m. PDT. In order to participate, please call 1-877-336-1831 using Access Code: 5301570. All prospective Proposers are strongly encouraged to attend.

3.2 Examination of Proposal Documents

The submission of a proposal shall be deemed a representation and certification by the Proposer that they:

3.2.1 Have carefully read and fully understand the information that was provided by the City to serve as the basis for submission of this proposal.
3.2.2 Have the capability to successfully undertake and complete the responsibilities and obligations of the proposal being submitted.
3.2.3 Represent that all information contained in the proposal is true and correct.
3.2.4 Did not, in any way, collude, conspire to agree, directly or indirectly, with any person, firm, corporation or other Proposer in regard to the amount, terms or conditions of this proposal.
3.2.5 Acknowledge that the City has the right to make any inquiry it deems appropriate to substantiate or supplement information supplied by Proposer, and Proposer hereby grants the City permission to make these inquiries, and to provide any and all related documentation in a timely manner.

No request for modification of the proposal shall be considered after its submission on grounds that Proposer was not fully informed to any fact or condition.
3.3 Addenda/Clarifications

Should discrepancies or omissions be found in this RFP or should there be a need to clarify this RFP, questions or comments regarding this RFP must be put in writing and received by the City no later than 1:00 p.m., Wednesday, July 16, 2014. Correspondence shall be e-mailed to carolynn.bissett@cityofpaloalto.org. Responses from the City will be communicated in writing to all recipients of this RFP. Inquiries received after the date and time stated will not be accepted and will be returned to senders without response. All addenda shall become a part of this RFP and shall be acknowledged on the Proposer’s Form.

The City shall not be responsible for nor be bound by any oral instructions, interpretations or explanations issued by the City or its representatives.

3.4 Submission of Proposals

All proposals shall be submitted to:

City of Palo Alto
Purchasing and Contract Administration
250 Hamilton Avenue, Mail Stop MB
Palo Alto, CA 94301

Proposals must be delivered no later than 3:00 p.m. on Tuesday, July 29, 2014. All proposals received after that time will be returned to the Proposer unopened.

The Proposer shall submit one (1) hard copy of its proposal in a sealed envelope, labeled “Original”, addressed as noted above, bearing the Proposer’s name and address clearly marked, “RFP NO. 152569 FOR PROFESSIONAL SERVICES: FIBER TO THE PREMISE MASTER PLAN.” Also submit proposal in soft copy via CD or Flash Drive. [The use of double-sided paper with a minimum 50% post-consumer recycled content is strongly encouraged. Please do not submit proposals in binders].

3.5 Withdrawal of Proposals

A Proposer may withdraw its proposal at any time before the expiration of the time for submission of proposals as provided in the RFP by delivering a written request for withdrawal signed by, or on behalf of, the Proposer.
3.6 Rights of the City of Palo Alto

This RFP does not commit the City to enter into a contract, nor does it oblige the City to pay for any costs incurred in preparation and submission of proposals or in anticipation of a contract. The City reserves the right to:

- Make the selection based on its sole discretion;
- Reject any and all proposals;
- Issue subsequent Requests for Proposals;
- Postpone opening for its own convenience;
- Remedy technical errors in the Request for Proposals process;
- Approve or disapprove the use of particular subconsultants;
- Negotiate with any, all or none of the Proposers;
- Accept other than the lowest offer;
- Waive informalities and irregularities in the Proposals and/or
- Enter into an agreement with another Proposer in the event the originally selected Proposer defaults or fails to execute an agreement with the City.

An agreement shall not be binding or valid with the City unless and until it is executed by authorized representatives of the City and of the Proposer.

4. PROPOSED TENTATIVE TIMELINE

The tentative RFP timeline is as follows:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP Issued</td>
<td>July 3, 2014</td>
</tr>
<tr>
<td>Pre-Proposal Teleconference</td>
<td>July 10, 2014</td>
</tr>
<tr>
<td>Deadline for questions, clarifications</td>
<td>July 16, 2014</td>
</tr>
<tr>
<td>Proposals Due</td>
<td>July 29, 2014</td>
</tr>
<tr>
<td>Finalist Identified</td>
<td>August 8, 2014</td>
</tr>
<tr>
<td>Consultant Interviews</td>
<td>August 15, 2014</td>
</tr>
<tr>
<td>Consultant selection and contract preparation</td>
<td>August 29, 2014</td>
</tr>
<tr>
<td>Contract awarded</td>
<td>September 1, 2014</td>
</tr>
<tr>
<td>Work commences</td>
<td>September 2014</td>
</tr>
<tr>
<td>Work complete</td>
<td>November 2014</td>
</tr>
</tbody>
</table>

5. INFORMATION TO BE SUBMITTED (to be submitted in this order only)

These instructions outline the guidelines governing the format and content of the proposal and the approach to be used in its development and presentation. The intent of the RFP is to encourage responses that clearly communicate the Proposer’s understanding of the City’s requirements and its approach to successfully provide the products and/or services on time and within budget. Only that information which is essential to an understanding and evaluation of the
proposal should be submitted. Items not specifically and explicitly related to the RFP and proposal, e.g. brochures, marketing material, etc. will not be considered in the evaluation.

All proposals shall address the following items in the order listed below and shall be numbered 1 through 8 in the proposal document.

5.1 Chapter 1 – Proposal Summary

This Chapter shall discuss the highlights, key features and distinguishing points of the Proposal. A separate sheet shall include a list of individuals and contacts for this Proposal and how to communicate with them. Limit this Chapter to a total of three (3) pages including the separate sheet.

5.2 Chapter 2 – Profile on the Proposing Firm(s)

This Chapter shall include a brief description of the Prime Proposer’s firm size as well as the proposed local organization structure. Include a discussion of the Prime Proposer firm’s financial stability, capacity and resources. Include all other firms participating in the Proposal, including similar information about the firms.

Additionally, this section shall include a listing of any lawsuit or litigation and the result of that action resulting form (a) any public project undertaken by the Proposer or by its subcontractors where litigation is still pending or has occurred within the last five years or (b) any type of project where claims or settlements were paid by the consultant or its insurers within the last five years.

5.3 Chapter 3 – Qualifications of the Firm

This Chapter shall include a brief description of the Proposer’s and sub-Proposer’s qualifications and previous experience on similar or related projects. Provide in a table format (see Sample Table, Attachment D) descriptions of pertinent project experience with other public municipalities and private sector that includes a summary of the work performed, the total project cost, the percentage of work the firm was responsible for, the period over which the work was completed, and the name, title, and phone number of client’s to be contacted for references. Give a brief statement of the firm’s adherence to the schedule and budget for the project.

This chapter shall include information regarding any relationships with firms and/or individuals who may submit proposals in response to the RFPs being developed.
Include, an overview of the Proposer’s firm and descriptions of relevant work performed by the Proposer within the past three years and experience in developing detailed cost-benefit analysis and business plans;

Sample report(s) from similar projects performed within the past three years will be highly valued;

A minimum of three references from projects the Proposer has contributed significant work or content.

5.4 Chapter 4 – Work Plan or Proposal

This Chapter shall present a well-conceived service plan. Include a full description of major tasks and subtasks. This section of the proposal shall establish that the Proposer understands the City’s objectives and work requirements and Proposer’s ability to satisfy those objectives and requirements. Succinctly describe the proposed approach for addressing the required services and the firm’s ability to meet the City’s schedule, outlining the approach that would be undertaken in providing the requested services.

5.5 Chapter 5 – Proposed Innovations

The Proposer may also suggest technical or procedural innovations that have been used successfully on other engagements and which may provide the City with better service delivery. In this Chapter discuss any ideas, innovative approaches, or specific new concepts included in the Proposal that would provide benefit to the City.

5.6 Chapter 6 – Project Staffing

This Chapter shall discuss how the Proposer would propose to staff this project. Key project team members shall be identified by name, title and specific responsibilities on the project. An organizational chart for the project team and resumes for key Proposer personnel shall be included. Key personnel will be an important factor considered by the review committee. Changes in key personnel may be cause for rejection of the proposal.

Listing of the proposed team members assigned to the project and the areas of responsibilities for each team member.

Resumes and hourly rates for individual team members assigned to the project.

5.7 Chapter 7 – Proposal Exceptions
This Chapter shall discuss any exceptions or requested changes that Proposer has to the City’s RFP conditions, requirements and sample contract. If there are no exceptions noted, it is assumed the Proposer will accept all conditions and requirements identified in the Attachment C – “Sample Agreement for Services.” Items not excepted will not be open to later negotiation.

5.8 Chapter 8 – Proposal Costs Sheet and Rates

The fee information is relevant to a determination of whether the fee is fair and reasonable in light of the services to be provided. Provision of this information assists the City in determining the firms understanding of the project, and provides staff with tools to negotiate the cost, provide in a table (See sample Table, Attachment E).

This Chapter shall include the proposed costs to provide the services desired. Include any other cost and price information, plus a not-to-exceed amount, that would be contained in a potential agreement with the City. The hourly rates may be used for pricing the cost of additional services outlined in the Scope of Work.

Proposed budget for the evaluation project, broken down by hours and rates for each task. Costs for travel and incidentals should be included in the proposal. Include a total not-to-exceed price for the entire project;

PLEASE NOTE: The City of Palo Alto does not pay for services before it receives them. Therefore, do not propose contract terms that call for upfront payments or deposits.

6. CONTRACT TYPE AND METHOD OF PAYMENT

It is anticipated that the agreement resulting from this solicitation, if awarded, will be a not-to-exceed budget per task form of contract. A Sample Agreement of Services is provided as Attachment C. The method of payment to the successful Proposer shall be on a per task basis with a maximum “not to exceed” fee as set by the Proposer in the proposal or as negotiated between the Proposer and the City as being the maximum cost to perform all work. This figure shall include direct costs and overhead, such as, but limited to, transportation, communications, subsistence and materials and any subcontracted items of work. Progress payments will be based on a percentage of project completed.

Proposers shall be prepared to accept the terms and conditions of the Agreement, including Insurance Requirements in Attachment F. If a Proposer desires to take exception to the Agreement, Proposer shall provide the following information in Chapter 7 of their submittal package. Please include the following:
• Proposer shall clearly identify each proposed change to the Agreement, including all relevant Attachments.
• Proposer shall furnish the reasons for, as well as specific recommendations, for alternative language.

The above factors will be taken into account in evaluating proposals. Proposals that take substantial exceptions to the proposed Agreement may be determined by the City, at its sole discretion, to be unacceptable and no longer considered for award.

Insurance Requirements

The selected Proposer(s), at Proposer’s sole cost and expense and for the full term of the Agreement or any extension thereof, shall obtain and maintain, at a minimum, all of the insurance requirements outlined in Attachment F.

All policies, endorsements, certificates and/or binders shall be subject to the approval of the Risk Manager of the City of Palo Alto as to form and content. These requirements are subject to amendment or waiver if so approved in writing by the Risk Manager. The selected Proposer agrees to provide the City with a copy of said policies, certificates and/or endorsement upon award of contract.

7. REVIEW AND SELECTION PROCESS

City staff will evaluate the proposals provided based on the following criteria:

7.1 Quality and completeness of proposal;
7.2 Quality, performance and effectiveness of the solution, goods and/or services to be provided by the Proposer;
7.3 Proposers experience, including the experience of staff to be assigned to the project, the engagements of similar scope and complexity;
7.4 Cost to the city;
7.5 Proposer's financial stability;
7.6 Proposer’s ability to perform the work within the time specified;
7.7 Proposer's prior record of performance with city or others;
7.8 Proposer’s ability to provide future maintenance, repairs parts and/or services; and
7.9 Proposer's compliance with applicable laws, regulations, policies (including city council policies), guidelines and orders governing prior or existing contracts performed by the contractor.

The selection committee will make a recommendation to the awarding authority. The acceptance of the proposal will be evidenced by written Notice of Award from the City’s Purchasing/Contract Administration Division to the successful Proposer.
8. ORAL INTERVIEWS

Proposers may be required to participate in an oral interview. The oral interview will be a panel comprised of members of the selection committee.

Proposers may only ask questions that are intended to clarify the questions that they are being asked to respond.

Each Proposer’s time slot for oral interviews will be determined randomly. Proposers who are selected shall make every effort to attend. If representatives of the City experience difficulty on the part of any Proposer in scheduling a time for the oral interview, it may result in disqualification from further consideration.

9. PUBLIC NATURE OF MATERIALS

Responses to this RFP become the exclusive property of the City of Palo Alto. At such time as the Administrative Services Department recommends to form to the City Manager or to the City Council, as applicable, all proposals received in response to this RFP becomes a matter of public record and shall be regarded as public records, with the exception of those elements in each proposal which are defined by the Proposer as business or trade secrets and plainly marked as “Confidential,” “Trade Secret,” or “Proprietary”. The City shall not in any way be liable or responsible for the disclosure of any such proposal or portions thereof, if they are not plainly marked as “Confidential,” “Trade Secret,” or “Proprietary” or if disclosure is required under the Public Records Act. Any proposal which contains language purporting to render all or significant portions of the proposal “Confidential,” “Trade Secret,” or “Proprietary” shall be regarded as non-responsive.

Although the California Public Records Act recognizes that certain confidential trade secret information may be protected from disclosure, the City of Palo Alto may not accept or approve that the information that a Proposer submits is a trade secret. If a request is made for information marked “Confidential,” “Trade Secret,” or “Proprietary,” the City shall provide the Proposer who submitted the information with reasonable notice to allow the Proposer to seek protection from disclosure by a court of competent jurisdiction.

10. COLLUSION

By submitting a proposal, each Proposer represents and warrants that its proposal is genuine and not a sham or collusive or made in the interest of or on behalf of any person not named therein; that the Proposer has not directly induced or solicited any other person to submit a sham proposal or any other person to refrain from submitting a proposal; and that the Proposer has not in any manner sought collusion to secure any improper advantage over any other person submitting a proposal.

11. DISQUALIFICATION
Factors such as, but not limited to, any of the following may be considered just cause to disqualify a proposal without further consideration:

11.1 Evidence of collusion, directly or indirectly, among Proposers in regard to the amount, terms or conditions of this proposal;

11.2 Any attempt to improperly influence any member of the evaluation team;

11.3 Existence of any lawsuit, unresolved contractual claim or dispute between Proposer and the City;

11.4 Evidence of incorrect information submitted as part of the proposal;

11.5 Evidence of Proposer’s inability to successfully complete the responsibilities and obligation of the proposal; and

11.6 Proposer’s default under any previous agreement with the City, which results in termination of the Agreement.

12. NON-CONFORMING PROPOSAL

A proposal shall be prepared and submitted in accordance with the provisions of these RFP instructions and specifications. Any alteration, omission, addition, variance, or limitation of, from or to a proposal may be sufficient grounds for non-acceptance of the proposal, at the sole discretion of the City.

13. GRATUITIES

No person shall offer, give or agree to give any City employee any gratuity, discount or offer of employment in connection with the award of contract by the city. No city employee shall solicit, demand, accept or agree to accept from any other person a gratuity, discount or offer of employment in connection with a city contract.
Attachment A
Proposer’s Information Form

PROPOSER (please print):

Name: __________________________________________________________

Address: _____________________________________________________________________________________________

Telephone: _______________________   Fax: ______________________________

Contact person, title, email, telephone and fax number: __________________________
______________________________________________________________________
______________________________________________________________________

Proposer, if selected, intends to carry on the business as (check one):

☐ Individual  ☐ Joint Venture

☐ Partnership

☐ Corporation

When incorporated? ______________

In what state? ________________

When authorized to do business in California? ______

☐ Other (explain):____________________________________________________

ADDENDA

To assure that all Proposers have received each addendum, check the appropriate box(es) below. Failure to acknowledge receipt of an addendum/addenda may be considered an irregularity in the Proposal:

Addendum number(s) received: □ 1; □ 2; □ 3; □ 4; □ 5; □ 6;

Or, □ _____ _____No Addendum/Addenda Were Received (check and initial).

2 PROPOSER’S SIGNATURE

No proposal shall be accepted which has not been signed in ink in the appropriate space below:

By signing below, the submission of a proposal shall be deemed a representation and certification by the Proposer that they have investigated all aspects of the RFP, that they are aware of the applicable facts pertaining to the RFP process, its procedures and requirements, and they have read and understand the RFP. No request for modification of the proposal shall be considered after its submission on the grounds that the Proposer was not fully informed as to any fact or condition.
Attachment A – Proposer Information continued…

1. If Proposer is **INDIVIDUAL**, sign here

   Date:__________________________

   Proposer’s typed name and title

2. If Proposer is **PARTNERSHIP** or **JOINT VENTURE**; at least two (2) Partners shall sign here:

   Partnership or Joint Venture Name (type or print)

   Date:__________________________

   Member of the Partnership or Joint Venture signature

   Date:__________________________

   Member of the Partnership or Joint Venture signature

3. If Proposer is a **CORPORATION**, the duly authorized officer shall sign as follows:

   Corporation Name (type or print)

   By:__________________________

   Title:__________________________

   The undersigned certify that he/she is respectively:

   Signature       Title

   Of the corporation named below; that they are designated to sign the Proposal Cost Form by resolution (attach a certified copy, with corporate seal, if applicable, notarized as to its authenticity or Secretary’s certificate of authorization) for and on behalf of the below named CORPORATION, and that they are authorized to execute same for and on behalf of said CORPORATION.
Attachment B – Scope of Work

City of Palo Alto
Request for Proposal (RFP)
Consulting Services to Develop a Fiber-to-the-Premise Master Plan
July 2, 2014

Background Information:

Palo Alto is a thriving community of approximately 64,000 people situated adjacent to Stanford University in the heart of Silicon Valley, approximately thirty three (33) miles south of San Francisco and seventeen (17) miles north of San Jose. On weekdays, due to daily commuters, the population increases to nearly 140,000. Palo Alto enjoys international recognition. People from all over the world come to Palo Alto for purposes of education and research at Stanford University, training or business with the high technology firms at the Stanford Research Park, or medical care at the Stanford Medical Center.

The City of Palo Alto is a charter city operating under the council manager form of municipal government. The City’s General Fund budget is $171.1 million for fiscal year 2015. The City has thirteen (13) departments. The City of Palo Alto also provides the following utility services: electric, gas, water, storm drainage, wastewater collection, water treatment and commercial dark fiber.

In 2010, 52.6% of the 27,639 housing units in Palo Alto were owner occupied, 42.5 % were renter occupied and 5% were vacant. The rate of change in housing units between 2000 and 2010 was less than one percent.

Palo Alto is home to just over 7,000 businesses. The most common types of businesses are in the services sector, which make up nearly 60% of all business types. The next most popular sectors are manufacturing at 16.6% and retail at 16%.

The median household income in Palo Alto is $122,531 and the per capita income is $72,199. The median value of owner-occupied housing units is $1,000,000. As of 2010, 57% of all households in Palo Alto had an annual income of greater than $100,000.

The land area in Palo Alto in square miles is 25.87 miles. The population is concentrated on eleven (11) square miles between the Baylands/San Francisco Bay and the foothills.

The incumbent telecommunications service providers in Palo Alto are AT&T and Comcast.

Fiber System History
The Fiber System was originally conceived by the City in the mid-1990s. The City's initial telecommunications strategy was to build a dark fiber ring around Palo Alto that would be capable of supporting multiple network developers and/or service providers with significant growth potential. City of Palo Alto Utilities ("CPAU") has the day-to-day responsibility for operating, maintaining, expanding and marketing the fiber system.

The first phase of the Fiber System construction occurred in 1996-1997. The initial portions of the system were constructed in a ring architecture in existing utility rights-of-way. The Fiber System was routed to pass and provide access to key City facilities and offices. The majority of the City’s business parks (e.g. Stanford Research Park) and commercial properties are also passed by the Fiber System. The original Fiber System consisted of 33 route miles with 144 or more strands of single-mode fiber along most routes. The Fiber System has been expanded to approximately 41 route miles of mostly 144- or 288-count single-mode fiber. The Fiber System is approximately 55 percent aerial and 45 percent underground. Fiber plant in residential areas is mostly aerial. Aerial plant is attached in the unrestricted power space on utility poles. The City jointly owns 5,400 of the 6,000 utility poles in Palo Alto with AT&T. For reference, a Fiber Optic Backbone Map is attached (Attachment I).

The Fiber System construction was financed internally by the Electric Enterprise Fund through a 20-year, $2 million loan at a 0% interest rate. These funds were used to construct the system and to cover operating expenses. At the end of Fiscal Year 2008, the fiber optics business completed the loan repayment to the Electric Enterprise Fund for all capital and operating expenses from the beginning of the project. A separate Fiber Optics Enterprise Fund, capable of maintaining its own capital and operating budgets and financial operating reserve, was also created. In Fiscal Year 2009, a Fiber Optics Enterprise Fund Rate Stabilization Reserve (RSR) was established.

In 2000, CPAU began to license “dark fiber” for commercial purposes. The Fiber System has high market share and brand awareness among commercial enterprises and other organizations that need the quantity and quality of bandwidth provided by direct fiber optic connections.

By connecting to the City’s Fiber System, customers gain access to their Internet Service Provider ("ISP") of choice. Many customers gain access to the Internet through the Palo Alto Internet Exchange ("PAIX", now owned by Equinix). PAIX is a carrier-neutral collocation facility which hosts over seventy (70) ISPs at their facility located in downtown Palo Alto. A dark fiber customer can interconnect communications systems or computer networks across multiple Palo Alto locations and can also connect directly to their local and/or long distance carrier(s) of choice with a full range of communication services. Commercial dark fiber customers can also have redundant connections for enhanced reliability.

CPAU currently licenses dark fiber service connections to more than ninety (90) commercial customers. Among these commercial customers are several value-added “resellers” licensing dark fiber from CPAU to deliver a variety of telecom services. The Fiber System also serves the
following City accounts: IT Infrastructure Services, Utilities Substations, Utilities Engineering, Public Works, Water Quality Control Plant and Community Services. The total number of dark fiber service connections serving commercial customers and the City is approximately 250 (some customers have multiple connections). At the end of fiscal year 2014, the licensing of dark fiber service connections resulted in a fiber fund reserve of approximately $18.6 million.

Plans to expand the Fiber System closer to some commercial areas that are at a significant distance from the backbone are ongoing. These expansion plans are typically based on identifying clusters of commercial customers with business profiles comparable to the existing customer base. In general, these customers need high bandwidth dark fiber service connections and have the technical resources to install and maintain the required transmission equipment to provision the fiber strands. Examples of Fiber System expansion opportunities include multi-tenant office buildings or office parks. In March of 2014, CPAU completed a project to install dark fiber service connections at eighteen (18) Palo Alto Unified School District facilities. The extension of the Fiber System to school district facilities brings fiber infrastructure closer to a number of residential neighborhoods distributed throughout Palo Alto. Moreover, dark fiber connections to the schools significantly enhance the value of the system for future expansion and facilitate broadband connectivity for a key community anchor institution and other potential users.

The City has also evaluated the feasibility of expanding commercial telecommunications offerings to include new products such as managed networking services (e.g. SONET, Ethernet and wavelength services). However, staff concluded that there are multiple firmly established telecommunications providers that specialize in addressing these types of services, both locally and nationally. As a result, there is no unique opportunity for the City to capitalize in the highly competitive market for managed telecommunication services.

City’s Fiber-to-the-Premise Efforts
Since the late 1990s, the City has evaluated various plans and business models to expand the City’s Fiber System for citywide use. Due to a number of factors, the City has been unable to move forward with FTTP; however, given the upturn in the economy and the escalating interest in deploying gigabit-speed fiber networks across the country, the City believes there may be renewed opportunities to build an all-fiber network in Palo Alto capable of providing ultra-high speed broadband and other services such as cable TV, telephony and other advanced services for both commercial and residential customers.

On October 28, 2013, the City Council decided that an important next step in advancing FTTP in Palo Alto is to develop a Master Plan which documents a network design by conducting an engineering study with a cost model and business model to deploy a network. The Master Plan is intended to establish a roadmap for either a third party telecommunications service providers or the City itself in building out a FTTP Network. The City Council also directed the City Manager to appoint a Citizen Advisory Committee to work with City staff on the Technology and the Connected City initiative. The Committee’s role is to review proposals and
provide feedback regarding the development of the FTTP Master Plan and the Wireless Network Plan.

Another anticipated outcome of developing a FTTP Master Plan and a complementary Wireless Network Plan is to define network specifications that will be used as a reference point by the City to conduct a California Environmental Quality Assessment (“CEQA”) analysis prior to issuing an RFP.

The City’s Fiber System may be considered a potential resource in building out a FTTP Network. If a third party vendor is selected to build the FTTP network, the City would be interested in licensing spare capacity along the existing fiber backbone, and, for a fee, the City may extend the Fiber System more deeply into Palo Alto neighborhoods to interconnect with the successful bidder’s hub sites, nodes or other centralized distribution points. However, the City will not solicit proposals based on any particular design, technology, business model or solution.

If the City decides to issue an RFP for implementation of the Master Plan, a vendor may be selected to build and operate the FTTP Network so as to provide retail services for broadband, video, voice and other advanced services. The RFP may also consider a business model where the network builder provides wholesale services to ISPs and other service providers on an “open access” basis to provision broadband and other services.

Upon completion of the Master Plan and CEQA review, in addition to completing the Wireless Network Plan, the City will consider issuing an RFP for a vendor to build and operate a citywide FTTP Network and/or a Wireless Network, or evaluate the feasibility of the City implementing the respective plans.

If a vendor is selected to build and operate a FTTP Network through a competitive RFP process, in addition to licensing available dark fiber, the City is prepared to endeavor to make best efforts to provide various forms of support, including, but not necessarily limited to the following:

1. Access to city assets and infrastructure, including the Fiber System and City-owned properties;
2. Making all rights-of-way owned and controlled by the City available on a clearly defined basis with reasonable terms and an expedited approval processes;2
3. Making utility poles and conduit owned and controlled by the City available on clearly defined, reasonable terms with expedited approval processes;3

2 The City owns and controls most of the rights-of-way and public utility infrastructure within the City boundaries with the exception of El Camino Real (State Department of Transportation/Caltrans) and Oregon Expressway, Page Mill Road and Foothill Expressway (County of Santa Clara). Underground rights-of-way installations are permitted and the City maintains extensive GIS maps. Approximately 47 percent of the City’s utilities are undergrounded and in those areas above ground, poles and related infrastructure are not permitted. More than 80 percent of the homes in Palo Alto are located in areas with overhead lines and poles.
3 The City permits collocation on City-owned poles. The rules pertaining to right-of-way encroachment and utility installations are located in Title 12 of the Palo Alto Municipal Code (Public Works and Utilities). The City and
4. Making power and space available on commercially reasonable terms;
5. Coordinating all pole maintenance and make-ready work with the new provider to save build costs;
6. Expedited permitting and inspections;
7. Consideration of innovative construction methods such as micro-trenching to reduce build costs and minimize disruption during the construction process;
8. Consideration of revising local rules, regulations, ordinances or other requirements to decrease the cost to build and operate a network;
9. Providing the network builder with a single point of contact from City staff to act as a liaison with City departments and the community to expedite the FTTP Network build out process;
10. Assistance in implementing demand aggregation approaches for customer acquisition efforts;
11. Marketing assistance, including working directly with vendors, local business leaders and community leaders to increase the revenue opportunities and lower the costs associated with constructing and operating the network;
12. Support for development of high bandwidth applications to drive adoption of the network;
13. Collaboration with local research and education networks to fully utilize the FTTP Network.

It is expected that the Proposer selected to prepare the Master Plan will present findings and recommendations for a FTTP Network, including an engineering study, proposed network design, cost model and potential business models that will be reviewed by the City Council for the contemplated RFP to build a citywide FTTP Network.

The City understands that preparing a FTTP Network engineering study, network design, cost model and business models is affected by a number of variables such as total premises passed, housing density, physical size of the service area, topology, the ratio of underground and aerial construction and projected customer “take-up rates.” Statistically valid market research required to forecast customer take-up rates is a very important variable. To that end, in 2012, the City conducted a Fiber-to-the-Premise Study which included a residential customer survey. This study is provided as Attachment J and may be used as a reference point regarding community interest and support for a competitive citywide FTTP Network. This study is the most recent market research information available from the City.

AT&T jointly own approximately 5,400 utility poles in Palo Alto. The City, AT&T and PG&E jointly own approximately 150 utility poles. The City exclusively owns approximately 500 utility poles. The City owns and controls 528,000 linear feet of conduit. Conduits owned and controlled by third parties (e.g. AT&T and Comcast) are not available to the City for authorizing use to others. For conduits owned and controlled by the City, availability for use is determined by whether they are already in use or if their use is anticipated for future utility needs. Communication conduit in past Underground District projects was installed for future use by cable TV, so there may be potential for a new facilities-based provider to collocate by pulling in fiber into these conduits. More recent Underground District projects installed communication conduit for future fiber deployment (this conduit is not mapped in GIS). All construction of new plant or relocation of existing plant must meet California applicable state and local law, including General Order (GO) 95 and GO 128 rules and regulations, among others.
**Scope of Work:**

The scope of work includes the following tasks:

1. Inventory and assess City assets and infrastructure required to support deployment of FTTP and/or a wireless network;
2. Evaluate the impacts the construction of a FTTP Network will have on City rights-of-way, utility poles, streetlight poles, conduits, Fiber System, real property and other assets and infrastructure, and the various agreements that govern the use of this infrastructure and real property. Evaluate the various construction methods to build a FTTP Network;
3. Define and evaluate FTTP Network requirements for the RFP;
4. Define services and technologies sought in the RFP;
5. Based on completing tasks 1-4, prepare an engineering study and FTTP network design, cost model and evaluate potential business models to implement a citywide FTTP Network in Palo Alto.
6. Present the findings and recommendations for the Master Plan to the City Council, Utilities Advisory Commission, Citizen Advisory Committee and executive City staff. Contingent on City Council direction to proceed, assist City staff with writing an RFP to build a FTTP Network.

**Task 1 – Inventory and assess City assets and infrastructure required to support deployment of a FTTP Network:**

The objective of Task 1 is to review city assets, infrastructure, data and information required to facilitate the preparation of an engineering study, network design, deployment cost model, and potential business models for a FTTP Network. The information and data available from the City to conduct this assessment includes:

1. Geographic Information System (“GIS”) data sets and mapping information for:
   a. Addresses
   b. Streets
   c. Right of Way and Easements
   d. City Boundaries
   e. Parcels or Lot Lines
   f. Utility Poles
   g. Streetlight Poles
   h. Overhead Strand (Guys and Anchors City-owned, Operated or Controlled)
   i. Existing Underground Utility Routes
   j. Manholes
   k. Pavement Condition Index Score by Street
   l. Zoning
   m. Building Footprint
2. Other available information:
   a. Spare Conduit Available for Lease
   b. Dark Fiber Available for Lease
   c. Infrastructure Maintenance Plans for Roads and Power
   d. Potential Network Hub Site Locations by Address
   e. Permitting Processes
   f. City of Palo Alto Utilities Rules and Regulations serve as a general reference to
      Utilities customers and contractors regarding common Utilities activities, such as
      access to private property and service contracts:
      http://www.cityofpaloalto.org/gov/depts/utl/about/rules.asp

On April 29, 2014, the Council adopted Resolution No. 9408 prohibiting disclosure of
confidential and proprietary City and utilities-related infrastructure information; such
information will only be available to the successful Proposer under the auspices of a non-
disclosure agreement.

Task 2 - Evaluate the impacts the construction of a FTTP Network will have on City rights-of-
way, City-owned and controlled utility poles, conduits, streetlight poles, Fiber System, real
property and other assets and infrastructure. Evaluate construction methods that support
network deployment:

1. Assess the use of City-controlled space on utility poles, streetlight poles, conduit and
   other City-owned properties to build a FTTP network and/or a Wireless Network and
   evaluate any impacts on the current agreements that govern the use of these facilities
   and properties. These agreements include:
   a. The City’s Master License Agreement for City-controlled Space on Utility Poles
      and Streetlight Poles and in Conduit (“MLA”), various MLA exhibits and
      associated fees for pole attachments and conduit use. The MLA was developed
      for the installation of distributed antenna systems (“DAS”) for the purpose of
      providing wireless communications facilities in Palo Alto. The MLA also governs
      future attachments by third parties on utility poles and streetlight poles and in
      conduits controlled by the City;
   b. The Joint Pole Agreement between the City of Palo Alto and AT&T and any
      potential impacts on that agreement by a new facilities-based “attacher” in Palo
      Alto;
   c. The Joint Pole Agreement between the City, AT&T and PG&E and any impacts on
      that agreement by a new facilities-based “attacher” in Palo Alto;
   d. The Conduit License Agreement between the City and Comcast;
   e. The Master License Agreement for Installation of Underground Facilities in the
      City of Palo Alto by and Among the City of Palo Alto, Pacific Bell Telephone
      Company (DBA AT&T California), and Comcast Corporation IX, Inc. 4

---

4 Agreements referenced above in (1) (a) (b) and (c) are available on the City’s website:
2. Assess the impact on the City’s existing Fiber System and the commercial dark fiber customer base if an FTTP Network builder/operator licenses dark fiber from the City;

3. Assess the number of utility poles requiring make-ready work to accommodate another facilities-based network attaching fiber and associated electronics and equipment in the communication space or the unrestricted power space;

4. Identify and evaluate innovative construction methods that could be used to expedite and possibly lower the cost of FTTP construction.

Task 3 – Define and evaluate FTTP Network requirements:

Network requirements to evaluate include:

1. A network that uses fiber-to-the-premise architecture: The City considers 1 Gbps symmetrical service as a baseline for a next-generation FTTP Network; however this evaluation of FTTP architecture should consider a range of symmetrical and asymmetrical high data rate transmission speeds in the downstream and upstream direction. The Master Plan should evaluate the feasibility and cost of offering retail broadband services with a sustained minimum 1 Gbps dedicated symmetrical transmission speed over each connection provided to each premise, or a scalable network that could provide a range of data transmission speeds to each premise;

2. A network able to support high quality voice, data and video services, in addition to other advanced services and applications delivered over ultra-high speed broadband networks. Examples of other services and applications include: telemedicine, home security, home monitoring, cloud services, etc.

3. A network with IPv6 capability, and backward compatibility with IPv4;

4. A network that could be deployed and made operational on a phased, demand driven basis;

5. A network that promotes the long term economic and community interests and end user requirements. End user requirements to evaluate are as follows:

   Retail and Local Services:
   a. Residential and business class Internet access service
   b. Telephone and customized Internet service plans for enterprises and institutions
   c. Hosted VoIP solutions for small business and residential customers
   d. Multi-channel video service
   e. On-demand video service
   f. Locally-produced content
   g. Video conferencing
   h. Gateways for access to cloud based community applications and “Over-the-Top” services

   Public Safety Services:

Agreements referenced in (1) (d) and (e) will be made available to the successful proposer under the auspices of a non-disclosure agreement.

The restricted electric power space on the pole is not available for the installation of new facilities for a FTTP Network.
a. Dedicated and secure public safety network
b. Public infrastructure monitoring (e.g., traffic lights, security cameras and cameras on other public structures)
c. Evaluate network resilience and survivability such as solar power and other emergency back-up power and network architecture to ensure operability for at least seven (7) days with no grid power giving prioritization to public safety, critical infrastructure and lifeline services. This evaluation should include an interview of the Police Department Director of Technical Services and the Director of Emergency Services to develop requirements for network performance (QoS) and compliance with U.S. Department of Justice metrics and other public safety and critical infrastructure metrics

Community Services:

a. Development and implementation of a “Smart Grid” program for stakeholders and customers (e.g. digital technology that allows for two-way communication between the utility and its customers and the sensing along transmission lines)
b. Community-generated public service video channels
c. Community health care services network
d. Health information exchange with secure media access
e. Patient center managed telemedicine services
f. Support for a local application developer community
g. Access to cloud-based development environment
h. Access to content distribution network (CDN) development and distribution channels

Task – 4: Define and evaluate potential FTTP business models, vendors, services and technologies:

1. Evaluate potential business models for building and operating public broadband networks. This evaluation should provide an analysis of the pros and cons of each model and examples of how these networks have been implemented by other local governments. Examples of business models include:
   a. “Retail” - City builds and operates an FTTP Network and directly offers video, broadband, phone and other services to residences and businesses;
   b. “Wholesale” or “open access” - separates the ownership of the infrastructure from the delivery of retail services from several ISPs;
   c. “Infrastructure participation” - City makes available for lease selected assets such as space on City owned and controlled utility poles and communications conduit, dark fiber and City-owned properties;\6
   d. Evaluate the potential for the City to attract a turnkey vendor to design, build and operate a FTTP Network in Palo Alto.

\6 New America Foundation: “The Art of the Possible, An Overview of Public Broadband Options.”
www.newamerica.net.
2. Identify categories of potential vendors to deploy a fully operational high-speed communications network using Internet Protocol (“IP”) technology which allows users access to the Internet and access to other services as required;

3. Evaluate the pros and cons of Active Ethernet, PON, GPON or WDM/PON technologies to best provide symmetrical gigabit-speed service to households, businesses and institutions throughout Palo Alto. The evaluation should include an assessment of all active and passive infrastructure, including cabling, active field equipment, uninterruptible power supplies, network cross connections, software, ancillary equipment and ongoing maintenance requirements;

4. Provide a technology assessment with a description of the network technologies underlying proposed network solutions. The description should include the following information:
   a. Technologies proposed and the limitations of each technology. If a variety of technologies are evaluated, a discussion of the issues likely to influence the choice of technologies;
   b. Provide details regarding the proposed network design including, but not limited to: network design criteria, network elements, architecture, protocols, system reliability, availability, operations, security and maintenance requirements;
   c. Provide network performance descriptions, including the range of offerings that could be provisioned over the network, the capacity, and applicable features for each proposed solution;

5. Describe the types of services rendered by potential vendors, including system design, engineering, operation, monitoring, maintenance and enhancement, as well as negotiation and execution of access agreements with retail service providers.

Task 5 – Based on completing tasks 1-4, in consultation with City staff, prepare a report with findings and recommendations for an engineering study and FTTP Network design, technology options, cost models and an assessment of potential business models to build a citywide FTTP Network in Palo Alto. These findings and recommendations will be the basis for the FTTP Master Plan.

Task 6 - Present the findings and recommendations and FTTP Master Plan to the City Council. Contingent on City Council direction to proceed, assist staff in writing an RFP to build a citywide FTTP network.

~ End of Scope ~
ATTACHMENT C - SAMPLE CONTRACT

CITY OF PALO ALTO CONTRACT NO. XXXXXX

AGREEMENT BETWEEN THE CITY OF PALO ALTO AND

FOR PROFESSIONAL SERVICES

This Agreement is entered into on this [insert date] day of [insert month], [insert year], (“Agreement”) by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and [insert consultant’s name], a [insert consultant’s type], located at [insert consultant’s address] ("CONSULTANT").

RECITALS

The following recitals are a substantive portion of this Agreement.

A. CITY intends to [insert project name] ("Project") and desires to engage a consultant to [insert services description] in connection with the Project (“Services”).

B. CONSULTANT has represented that it has the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.

C. CITY in reliance on these representations desires to engage CONSULTANT to provide the Services as more fully described in Exhibit “A”, attached to and made a part of this Agreement.

NOW, THEREFORE, in consideration of the recitals, covenants, terms, and conditions, in this Agreement, the parties agree:

AGREEMENT

SECTION 1. SCOPE OF SERVICES. CONSULTANT shall perform the Services described in Exhibit “A” in accordance with the terms and conditions contained in this Agreement. The performance of all Services shall be to the reasonable satisfaction of CITY.

[ ] Optional On-Call Provision (This provision only applies if checked and only applies to on-call agreements.)

Services will be authorized by the City, as needed, with a Task Order assigned and approved by the City’s Project Manager. Each Task Order shall be in substantially the same form as Exhibit A-1. Each Task Order shall designate a City Project Manager and shall contain a specific scope of work, a specific schedule of performance and a specific compensation amount. The total price of all Task Orders issued under this Agreement shall not exceed the amount of Compensation set forth in Section 4 of this Agreement. CONSULTANT shall only be compensated for work
performed under an authorized Task Order and the City may elect, but is not required, to authorize work up to the maximum compensation amount set forth in Section 4.

SECTION 2. TERM.
The term of this Agreement shall be from the date of its full execution through unless terminated earlier pursuant to Section 19 of this Agreement.

OR

The term of this Agreement shall be from the date of its full execution through completion of the services in accordance with the Schedule of Performance attached as Exhibit “B” unless terminated earlier pursuant to Section 19 of this Agreement.

SECTION 3. SCHEDULE OF PERFORMANCE. Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement and in accordance with the schedule set forth in Exhibit “B”, attached to and made a part of this Agreement. Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. CITY’s agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the fault of CONSULTANT.

SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for performance of the Services described in Exhibit “A”, including both payment for professional services and reimbursable expenses, shall not exceed Dollars ($ ). In the event Additional Services are authorized, the total compensation for Services, Additional Services and reimbursable expenses shall not exceed Dollars ($ ). The applicable rates and schedule of payment are set out in Exhibit “C-1”, entitled “HOURLY RATE SCHEDULE,” which is attached to and made a part of this Agreement.

Additional Services, if any, shall be authorized in accordance with and subject to the provisions of Exhibit “C”. CONSULTANT shall not receive any compensation for Additional Services performed without the prior written authorization of CITY. Additional Services shall mean any work that is determined by CITY to be necessary for the proper completion of the Project, but which is not included within the Scope of Services described in Exhibit “A”.

SECTION 5. INVOICES. In order to request payment, CONSULTANT shall submit monthly invoices to the CITY describing the services performed and the applicable charges (including an identification of personnel who performed the services, hours worked, hourly rates, and reimbursable expenses), based upon the CONSULTANT’s billing rates (set forth in Exhibit “C-1”). If applicable, the invoice shall also describe the percentage of completion of each task. The information in CONSULTANT’s payment requests shall be subject to verification by CITY. CONSULTANT shall send all invoices to the City’s project manager at the address specified in Section 13 below. The City will generally process and pay invoices within thirty (30) days of receipt.
SECTION 6. QUALIFICATIONS/STANDARD OF CARE. All of the Services shall be performed by CONSULTANT or under CONSULTANT’s supervision. CONSULTANT represents that it possesses the professional and technical personnel necessary to perform the Services required by this Agreement and that the personnel have sufficient skill and experience to perform the Services assigned to them. CONSULTANT represents that it, its employees and subconsultants, if permitted, have and shall maintain during the term of this Agreement all licenses, permits, qualifications, insurance and approvals of whatever nature that are legally required to perform the Services.

All of the services to be furnished by CONSULTANT under this agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

SECTION 7. COMPLIANCE WITH LAWS. CONSULTANT shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this Agreement. CONSULTANT shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.

SECTION 8. ERRORS/OMISSIONS. CONSULTANT shall correct, at no cost to CITY, any and all errors, omissions, or ambiguities in the work product submitted to CITY, provided CITY gives notice to CONSULTANT. If CONSULTANT has prepared plans and specifications or other design documents to construct the Project, CONSULTANT shall be obligated to correct any and all errors, omissions or ambiguities discovered prior to and during the course of construction of the Project. This obligation shall survive termination of the Agreement.

SECTION 9. COST ESTIMATES. If this Agreement pertains to the design of a public works project, CONSULTANT shall submit estimates of probable construction costs at each phase of design submittal. If the total estimated construction cost at any submittal exceeds ten percent (10%) of the CITY’s stated construction budget, CONSULTANT shall make recommendations to the CITY for aligning the PROJECT design with the budget, incorporate CITY approved recommendations, and revise the design to meet the Project budget, at no additional cost to CITY.

SECTION 10. INDEPENDENT CONTRACTOR. It is understood and agreed that in performing the Services under this Agreement CONSULTANT, and any person employed by or contracted with CONSULTANT to furnish labor and/or materials under this Agreement, shall act as and be an independent contractor and not an agent or employee of the CITY.

SECTION 11. ASSIGNMENT. The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. CONSULTANT shall not assign or transfer any interest in this Agreement nor the performance of any of CONSULTANT’s obligations hereunder without the prior written consent of the city manager. Consent to one
assignment will not be deemed to be consent to any subsequent assignment. Any assignment made without the approval of the city manager will be void.

SECTION 12. SUBCONTRACTING.

☐ Option A: No Subcontractor: CONSULTANT shall not subcontract any portion of the work to be performed under this Agreement without the prior written authorization of the city manager or designee.

☐ Option B: Subcontracts Authorized: Notwithstanding Section 11 above, CITY agrees that subconsultants may be used to complete the Services. The subconsultants authorized by CITY to perform work on this Project are:

CONSULTANT shall be responsible for directing the work of any subconsultants and for any compensation due to subconsultants. CITY assumes no responsibility whatsoever concerning compensation. CONSULTANT shall be fully responsible to CITY for all acts and omissions of a subconsultant. CONSULTANT shall change or add subconsultants only with the prior approval of the city manager or his designee.

SECTION 13. PROJECT MANAGEMENT. CONSULTANT will assign as the to have supervisory responsibility for the performance, progress, and execution of the Services and as the project to represent CONSULTANT during the day-to-day work on the Project. If circumstances cause the substitution of the project director, project coordinator, or any other key personnel for any reason, the appointment of a substitute project director and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY’s project manager. CONSULTANT, at CITY’s request, shall promptly remove personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property.

The City’s project manager is , Department, Division, Palo Alto, CA 94303, Telephone: . The project manager will be CONSULTANT’s point of contact with respect to performance, progress and execution of the Services. The CITY may designate an alternate project manager from time to time.

SECTION 14. OWNERSHIP OF MATERIALS. Upon delivery, all work product, including without limitation, all writings, drawings, plans, reports, specifications, calculations, documents, other materials and copyright interests developed under this Agreement shall be and remain the exclusive property of CITY without restriction or limitation upon their use. CONSULTANT agrees that all copyrights which arise from creation of the work pursuant to this Agreement shall be vested in CITY, and CONSULTANT waives and relinquishes all claims to copyright or other intellectual property rights in favor of the CITY. Neither CONSULTANT nor its contractors, if any, shall make any of such materials available to any individual or organization without the prior written approval of the City Manager or designee. CONSULTANT makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the scope of work.
SECTION 15. AUDITS. CONSULTANT will permit CITY to audit, at any reasonable time during the term of this Agreement and for three (3) years thereafter, CONSULTANT’s records pertaining to matters covered by this Agreement. CONSULTANT further agrees to maintain and retain such records for at least three (3) years after the expiration or earlier termination of this Agreement.

SECTION 16. INDEMNITY.

☐[Option A applies to the following design professionals pursuant to Civil Code Section 2782.8: architects; landscape architects; registered professional engineers and licensed professional land surveyors.] 16.1. To the fullest extent permitted by law, CONSULTANT shall protect, indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an “Indemnified Party”) from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorneys fees, experts fees, court costs and disbursements (“Claims”) that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

☐[Option B applies to any consultant who does not qualify as a design professional as defined in Civil Code Section 2782.8.] 16.1. To the fullest extent permitted by law, CONSULTANT shall protect, indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an “Indemnified Party”) from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorneys fees, experts fees, court costs and disbursements (“Claims”) resulting from, arising out of or in any manner related to performance or nonperformance by CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

16.2. Notwithstanding the above, nothing in this Section 16 shall be construed to require CONSULTANT to indemnify an Indemnified Party from Claims arising from the active negligence, sole negligence or willful misconduct of an Indemnified Party.

16.3. The acceptance of CONSULTANT’s services and duties by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.

SECTION 17. WAIVERS. The waiver by either party of any breach or violation of any covenant, term, condition or provision of this Agreement, or of the provisions of any ordinance or law, will not be deemed to be a waiver of any other term, covenant, condition, provisions, ordinance or law, or of any subsequent breach or violation of the same or of any other term, covenant, condition, provision, ordinance or law.
SECTION 18. INSURANCE.

18.1. CONSULTANT, at its sole cost and expense, shall obtain and maintain, in full force and effect during the term of this Agreement, the insurance coverage described in Exhibit "D". CONSULTANT and its contractors, if any, shall obtain a policy endorsement naming CITY as an additional insured under any general liability or automobile policy or policies.

18.2. All insurance coverage required hereunder shall be provided through carriers with AM Best’s Key Rating Guide ratings of A-:VII or higher which are licensed or authorized to transact insurance business in the State of California. Any and all contractors of CONSULTANT retained to perform Services under this Agreement will obtain and maintain, in full force and effect during the term of this Agreement, identical insurance coverage, naming CITY as an additional insured under such policies as required above.

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY’s Risk Manager and will contain an endorsement stating that the insurance is primary coverage and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the Purchasing Manager thirty (30) days' prior written notice of the cancellation or modification. If the insurer cancels or modifies the insurance and provides less than thirty (30) days’ notice to CONSULTANT, CONSULTANT shall provide the Purchasing Manager written notice of the cancellation or modification within two (2) business days of the CONSULTANT’s receipt of such notice. CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY’s Purchasing Manager during the entire term of this Agreement.

18.4. The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT’s liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed under this Agreement, including such damage, injury, or loss arising after the Agreement is terminated or the term has expired.

SECTION 19. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.

19.1. The City Manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days prior written notice thereof to CONSULTANT. Upon receipt of such notice, CONSULTANT will immediately discontinue its performance of the Services.

19.2. CONSULTANT may terminate this Agreement or suspend its performance of the Services by giving thirty (30) days prior written notice thereof to CITY, but only in the event of a substantial failure of performance by CITY.
19.3. Upon such suspension or termination, CONSULTANT shall deliver to the City Manager immediately any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed, prepared by CONSULTANT or its contractors, if any, or given to CONSULTANT or its contractors, if any, in connection with this Agreement. Such materials will become the property of CITY.

19.4. Upon such suspension or termination by CITY, CONSULTANT will be paid for the Services rendered or materials delivered to CITY in accordance with the scope of services on or before the effective date (i.e., 10 days after giving notice) of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT’s services which are of direct and immediate benefit to CITY as such determination may be made by the City Manager acting in the reasonable exercise of his/her discretion. The following Sections will survive any expiration or termination of this Agreement: 14, 15, 16, 19.4, 20, and 25.

19.5. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement.

SECTION 20. NOTICES.

All notices hereunder will be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY: Office of the City Clerk
City of Palo Alto
Post Office Box 10250
Palo Alto, CA 94303

With a copy to the Purchasing Manager

To CONSULTANT: Attention of the project director
at the address of CONSULTANT recited above

SECTION 21. CONFLICT OF INTEREST.

21.1. In accepting this Agreement, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services.
21.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subconsultants, contractors or persons having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California.

21.3. If the Project Manager determines that CONSULTANT is a “Consultant” as that term is defined by the Regulations of the Fair Political Practices Commission, CONSULTANT shall be required and agrees to file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act.

SECTION 22. NONDISCRIMINATION. As set forth in Palo Alto Municipal Code section 2.30.510, CONSULTANT certifies that in the performance of this Agreement, it shall not discriminate in the employment of any person because of the race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Section 2.30.510 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Section 2.30.510 pertaining to nondiscrimination in employment.

SECTION 23. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS. CONSULTANT shall comply with the City’s Environmentally Preferred Purchasing policies which are available at the City’s Purchasing Department, incorporated by reference and may be amended from time to time. CONSULTANT shall comply with waste reduction, reuse, recycling and disposal requirements of the City’s Zero Waste Program. Zero Waste best practices include first minimizing and reducing waste; second, reusing waste and third, recycling or composting waste. In particular, Consultant shall comply with the following zero waste requirements:

- All printed materials provided by Consultant to City generated from a personal computer and printer including but not limited to, proposals, quotes, invoices, reports, and public education materials, shall be double-sided and printed on a minimum of 30% or greater post-consumer content paper, unless otherwise approved by the City’s Project Manager. Any submitted materials printed by a professional printing company shall be a minimum of 30% or greater post-consumer material and printed with vegetable based inks.

- Goods purchased by Consultant on behalf of the City shall be purchased in accordance with the City’s Environmental Purchasing Policy including but not limited to Extended Producer Responsibility requirements for products and packaging. A copy of this policy is on file at the Purchasing Office.

- Reusable/returnable pallets shall be taken back by the Consultant, at no additional cost to the City, for reuse or recycling. Consultant shall provide documentation from the facility accepting the pallets to verify that pallets are not being disposed.
SECTION 24. NON-APPROPRIATION

24.1. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This section shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

SECTION 25. MISCELLANEOUS PROVISIONS.

25.1. This Agreement will be governed by the laws of the State of California.

25.2. In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California in the County of Santa Clara, State of California.

25.3. The prevailing party in any action brought to enforce the provisions of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with that action. The prevailing party shall be entitled to recover an amount equal to the fair market value of legal services provided by attorneys employed by it as well as any attorneys’ fees paid to third parties.

25.4. This document represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations, and contracts, either written or oral. This document may be amended only by a written instrument, which is signed by the parties.

25.5. The covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators, assignees, and consultants of the parties.

25.6. If a court of competent jurisdiction finds or rules that any provision of this Agreement or any amendment thereto is void or unenforceable, the unaffected provisions of this Agreement and any amendments thereto will remain in full force and effect.

25.7. All exhibits referred to in this Agreement and any addenda, appendices, attachments, and schedules to this Agreement which, from time to time, may be referred to in any duly executed amendment hereto are by such reference incorporated in this Agreement and will be deemed to be a part of this Agreement.

25.8 If, pursuant to this contract with CONSULTANT, City shares with CONSULTANT personal information as defined in California Civil Code section 1798.81.5(d) about a California resident (“Personal Information”), CONSULTANT shall maintain reasonable and appropriate security procedures to protect that Personal Information, and shall inform City immediately upon learning that there has been a
breach in the security of the system or in the security of the Personal Information. CONSULTANT shall not use Personal Information for direct marketing purposes without City’s express written consent.

25.9 All unchecked boxes do not apply to this agreement.

25.10 The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

25.11 This Agreement may be signed in multiple counterparts, which shall, when executed by all the parties, constitute a single binding agreement.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement on the date first above written.

CITY OF PALO ALTO

CONSULTANT

By:
Name:
Title:

APPROVED AS TO FORM:

Senior Asst. City Attorney
(Required on Contracts over $25,000)
<table>
<thead>
<tr>
<th>Project Name</th>
<th>Client</th>
<th>Description of work performed</th>
<th>Total Project Cost</th>
<th>Percentage of work firm as responsible for</th>
<th>Period work was completed</th>
<th>Client contact information*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Did your firm meet the project schedule (Circle one): Yes  No

Give a brief statement of the firm’s adherence to the schedule and budget for the project:

<table>
<thead>
<tr>
<th>Did your firm meet the project schedule (Circle one): Yes  No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Give a brief statement of the firm’s adherence to the schedule and budget for the project:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Did your firm meet the project schedule (Circle one): Yes  No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Give a brief statement of the firm’s adherence to the schedule and budget for the project:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Did your firm meet the project schedule (Circle one): Yes  No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Give a brief statement of the firm’s adherence to the schedule and budget for the project:</td>
</tr>
</tbody>
</table>

*Include name, title and phone number.
Attachment E

SAMPLE COST PROPOSAL FORMAT – RFP

(The City is looking for a submittal in this format – content should match cost for scope of services required)

<table>
<thead>
<tr>
<th>Scope</th>
<th>Labor Categories (e.g., Consultant, Sr. Consultant, etc.)</th>
<th>Est. Hours</th>
<th>Hourly Rate</th>
<th>Extended Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task 1</td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>TOTAL NOT TO EXCEED, TASK 1</td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Task 2</td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>TOTAL NOT TO EXCEED, TASK 2</td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Task 3</td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>TOTAL NOT TO EXCEED, TASK 3</td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>TOTAL NOT TO EXCEED (TASKS 1 – 3)</td>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>
CONTRACTORS TO THE CITY OF PALO ALTO (CITY), AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, AFFORDED BY COMPANIES WITH AM BEST’S KEY RATING OF A-:VII, OR HIGHER, LICENSED OR AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY’S INSURANCE REQUIREMENTS, AS SPECIFIED, BELOW:

<table>
<thead>
<tr>
<th>REQUIRED</th>
<th>TYPE OF COVERAGE</th>
<th>REQUIREMENT</th>
<th>MINIMUM LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>WORKER’S COMPENSATION EMPLOYER’S LIABILITY</td>
<td>STATUTORY</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>BODILY INJURY</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PROPERTY DAMAGE</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td>GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY</td>
<td>BODILY INJURY &amp; PROPERTY DAMAGE COMBINED.</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>YES</td>
<td>AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED</td>
<td>BODILY INJURY</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- EACH PERSON</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- EACH OCCURRENCE</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PROPERTY DAMAGE</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BODILY INJURY AND PROPERTY DAMAGE, COMBINED</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>YES</td>
<td>PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE</td>
<td>ALL DAMAGES</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED: CONTRACTOR, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREBIN DESCRIBED, INSURING NOT ONLY CONTRACTOR AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS’ COMPENSATION, EMPLOYER’S LIABILITY AND PROFESSIONAL INSURANCE, NAMING AS ADDITIONAL INSUREDS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.

I. INSURANCE COVERAGE MUST INCLUDE:

   A. A PROVISION FOR A WRITTEN THIRTY DAY ADVANCE NOTICE TO CITY OF CHANGE IN COVERAGE OR OF COVERAGE CANCELLATION; AND
   
   B. A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONTRACTOR’S AGREEMENT TO INDEMNIFY CITY.
   
   C. DEDUCTIBLE AMOUNTS IN EXCESS OF $5,000 REQUIRE CITY’S PRIOR APPROVAL.

II. CONTRACTOR MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE.

III. ENDORSEMENT PROVISIONS, WITH RESPECT TO THE INSURANCE AFFORDED TO “ADDITIONAL INSUREDS”

   A. PRIMARY COVERAGE

   WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSUREDS.
Attachment “F”
INSURANCE REQUIREMENTS

B. CROSS LIABILITY

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSUREDS UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSUREDS, SHALL NOT INCREASE THE TOTAL LIABILITY OF THE COMPANY UNDER THIS POLICY.

C. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

NOTICES SHALL BE MAILED TO:

PURCHASING AND
CONTRACT ADMINISTRATION
CITY OF PALO ALTO
P.O. BOX 10250
PALO ALTO, CA 94303.
ATTACHMENT H
NON-DISCLOSURE AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND

This NON-DISCLOSURE AGREEMENT (the “Agreement”), dated as of April XX, 2012 (the “Effective Date”), is entered into by and between the City of Palo Alto, a California chartered municipal corporation, 250 Hamilton Avenue, Palo Alto, CA 94301 (the “Disclosing Party”) and ____________________, a ____________ corporation, _____________________, ___________, CA 9____ (the “Receiving Party”) (individually, a “Party” and, collectively, the “Parties”).

RECITALS

1. The Parties entered into a contract for ___________________ services as of ________________, City of Palo Alto Contract No. ___________ (the “Contract”); the Receiving Party is providing ____________________________ to the Disclosing Party.

2. In its performance of consulting services, the Receiving Party and its authorized members, directors, officers, employees, agents and representatives will acquire and otherwise gain access to certain Confidential Information of the Disclosing Party, including the personal information of one or more electric utility customers of the City’s Department of Utilities, which is exempt from public disclosure under California Government Code section 6254.16.

3. The Disclosing Party would not share or disclose any Confidential Information to the Receiving Party but for the legal protections against unauthorized disclosures intended to be afforded by California law and this Agreement, and is relying on this Agreement in disclosing such Confidential Information to the Receiving Party.

AGREEMENT

In consideration of the foregoing recitals and mutual covenants, terms and conditions, the Parties agree, as follows:

1. Confidential Information. “Confidential Information” means any and all financial and related utility customers’ personal information of a non-public, proprietary or confidential nature, in any form or medium, written or oral, concerning or relating to the Disclosing Party (whether prepared by the Disclosing Party, its employees or agents, and irrespective of the form or means of communication and whether it is labeled or otherwise identified as confidential) that is furnished or made available to the Receiving Party by the Disclosing Party.

2. Exceptions. The Receiving Party agrees to maintain as confidential, to the extent permitted or required by applicable law, all Confidential Information furnished or otherwise made available to the Receiving Party by the Disclosing Party. Notwithstanding the foregoing and the provisions of Section 1, “Confidential Information” shall exclude (and the Receiving Party shall not be under any obligation to maintain in confidence) any information (or any
portion thereof) disclosed to the Receiving Party by the Disclosing Party to the extent that such information:

(a) is in the public domain at the time of disclosure; or

(b) at the time of or following disclosure, becomes generally known or available through no act or omission on the part of the Disclosing Party; or

(c) is known, or becomes known, to the Receiving Party from a source other than the Disclosing Party or its Representatives (as defined herein), provided that disclosure by such source is not in breach of a confidentiality agreement with the Disclosing Party; or

(d) is independently developed by the Receiving Party without violating any of its obligations under this Agreement or any other agreement between the Parties; or

(e) is legally required to be disclosed by judicial or other governmental action; provided, however, that prompt notice of such judicial or other governmental action shall have been first given to the Disclosing Party, which shall be afforded the opportunity to exhaust all reasonable legal remedies to maintain the Confidential Information in confidence, in accordance with Section 7 below; or

(f) is permitted to be disclosed by a formal written agreement executed by and between the Parties.

Specific information shall not fall within the exceptions of Sections 2(a) through 2(f) above merely because it is embraced by more general information falling within such exceptions.

3. **California Public Records Act.** The Receiving Party acknowledges that the Disclosing Party is a public agency subject to the requirements of the California Constitution, Article 1, Section 3 and California Public Records Act Cal. Gov. Code section 6250 et seq. The Receiving Party acknowledges that the Disclosing Party may submit to or otherwise provide access to the Receiving Party Confidential Information that the Disclosing Party or any electric utility customer of the Disclosing Party considers to be protected from disclosure pursuant to exemptions granted by applicable California law. Whether or not there is a request or demand of any third party not a Party to this Agreement (the “Requestor”) for the production, inspection and/or copying of information designated by the Disclosing Party as Confidential Information, the Disclosing Party shall be solely responsible for taking whatever legal steps the Disclosing Party deems necessary to protect information deemed by it to be Confidential Information and to prevent release of information to the Requestor (including the release of such information by the Receiving Party). Under no circumstances will the Receiving Party be permitted to comply with the Requestor’s demand for disclosure of such Confidential Information that the Disclosing Party deems confidential and not intended for disclosure to the general public, or otherwise publicly disclose the Confidential Information to any person not authorized by law to receive such information.

4. **Confidential Information.** As practicable, the Confidential Information shall be marked with the words “Confidential” or “Confidential Material” or with words of similar
import. The Disclosing Party shall instruct the Receiving Parties that information of a financial, personal, or proprietary nature being conveyed orally and intended by the Disclosing Party to be covered by the terms of this Agreement, is deemed Confidential Information. To the extent possible, the Disclosing Party shall endeavor to mark any electronic document intended to be covered by the terms of this Agreement with the words “Confidential” or similar words, or, if that is not possible or would be exceedingly difficult, the City shall notify the Receiving Parties (for example, by covering e-mail transmitting the electronic document) that the electronic document is Confidential Information. The City’s failure, for whatever reason, to mark any material at the time it is produced to the Receiving Party, or to notify it that oral or electronic material is Confidential Information at the time it is provided, shall not take the material out of the coverage of this Agreement for all time, and the Receiving Party shall treat the material as Confidential Information once the City has notified it that the material is to be covered by this Agreement.

5. **Duty to Keep Confidential.** The Receiving Party acknowledges that the Confidential Information is proprietary and a valuable asset of the Disclosing Party and agrees that the Receiving Party shall take reasonable precautions to ensure that such Confidential Information is safeguarded against disclosure to unauthorized employees or third parties.

   (a) The Receiving Party shall use the Confidential Information solely as permitted by the Contract and shall not sell Confidential Information or otherwise disclose City of Palo Alto Utilities’ customers’ personal information under any circumstances and without the prior written consent of the City. The Receiving Party shall not disclose the Confidential Information, or portions thereof, to any directors, officers, partners, managers, members, employees, advisors, agents, sub-contractors and other representatives of the Receiving Party and their subsidiaries and affiliates, including, without limitation, attorneys, accountants, consultants, and financial advisors (collectively, the “Representatives”), except to those who need to know such information for the purpose of advising City and who agree to the terms of this Agreement.

   (b) The Receiving Party agrees that any of the Representatives to whom the Confidential Information is disclosed will be informed of the confidential or proprietary nature of such information and of the Receiving Party’s obligations under this Agreement. The Receiving Party is responsible for any use of Confidential Information by any of its Representatives.

   (c) The Receiving Party shall ensure that (i) any directors, officers, representatives, advisors and sub-contractors with whom the Receiving Party shares such information or who acquire knowledge of such information from or through the Receiving Party regard and treat such Confidential Information of the Disclosing Party as strictly confidential and wholly owned by either the Disclosing Party, and (ii) the Receiving Party shall not (and the Receiving Party shall ensure that any directors, officers, representatives, advisors and sub-contractors with whom the Receiving Party shares such information or who acquire knowledge of such information from or through the Receiving Party do not) for any reason, in any fashion, either directly or indirectly, sell, lend, lease, distribute, license, give, transfer, assign, show, disclose, disseminate, or otherwise communicate any such Confidential Information to any third
party, or misappropriate, reproduce, copy or use any such Confidential Information, in either case, for any purpose other than in accordance with this Agreement.

(d) If the Receiving Party or any of its Representatives are requested or required to disclose any Confidential Information, including terms and conditions being negotiated, by law, regulation, the applicable rules of any national securities exchange or other market or reporting system, oral questions, interrogatories, requests for information or other documents in legal proceedings, subpoena, civil investigative demand or any other similar process, the Receiving Party shall provide the Disclosing Party with prompt written notice of any such request or requirement so that the Disclosing Party has an opportunity to seek a protective order via Writ of Mandate or other appropriate remedy, or waive compliance with the provisions of this Agreement.

(e) If the Disclosing Party waives compliance with the provisions of this Agreement with respect to a specific request or requirement, the Receiving Party and its Representatives shall disclose only that portion of the Confidential Information that is expressly covered by such waiver and which is necessary to disclose in order to comply with such request or requirement. The Receiving Party and its Representatives shall cooperate in a reasonable manner with the Disclosing Party in attempting to preserve the confidentiality of the Confidential Information.

(f) If (in the absence of a waiver by the Disclosing Party) the Disclosing Party has not secured a protective order or other appropriate remedy despite attempting to do so, and the Receiving Party or one of its Representatives is nonetheless then legally compelled to disclose any Confidential Information, the Receiving Party or such Representative may, without liability hereunder, disclose only that portion of the Confidential Information that is necessary to be disclosed. In the event that disclosure is made in accordance with this subsection, the Receiving Party shall exercise, and cause its Representatives to exercise, reasonable efforts to preserve the confidentiality of the Confidential Information, including obtaining reliable assurance at the sole expense of the Receiving Party that confidential treatment shall be accorded any Confidential Information so furnished.

6. **No Liability, Reliance, or Obligation.** Except as set forth in any formal written agreement executed by and between the Parties, neither the Receiving Party nor any of its Representatives shall be entitled to rely on any statement, promise, agreement or understanding, whether written or oral, or any custom, usage of trade, course of dealing or conduct. In addition, each Party understands and acknowledges that neither the Disclosing Party nor any of its representatives, employees or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of any Confidential Information, and that neither the Disclosing Party nor any of its representatives, employees or agents shall have any liability whatsoever to the Receiving Party or to any of its Representatives relating to or resulting from the Confidential Information or any errors therein or omissions therefrom.

7. **Remedies.** The Receiving Party, in recognition that an irreparable injury may result to the Disclosing Party, if any provision of this Agreement is violated, agrees that upon any breach or threatened breach of any provision of this Agreement by the Receiving Party or
any Representatives, that the City shall be entitled to seek an injunction or specific performance prohibiting such conduct or any other relief as may be permitted by law.

8. **Return of Confidential Information.** The Disclosing Party may at any time request that the Receiving Party promptly return to the Disclosing Party or destroy any or all documents or other materials containing Confidential Information of the Disclosing Party, and the Receiving Party shall immediately comply with any such request. Notwithstanding the return or destruction of the Confidential Information as contemplated by this subsection, the Receiving Party and its Representatives will continue to be bound by the terms of this Agreement with respect thereto, including all obligations of confidentiality.

9. **Survival.** The Receiving Party’s obligations of confidentiality and non-circumvention under this Agreement shall survive the termination of this Agreement for a period of not less than ___________ (__) years.

10. **General Provisions.**

   (a) **Entire Agreement.** This Agreement contains the entire understanding between the Parties with respect to the Confidential Information and supersedes all prior communications, representations, understandings, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement. This Agreement shall apply in lieu of and notwithstanding any specific legend or statement associated with any Confidential Information transferred.

   (b) **Governing Law and Jurisdiction.** This Agreement shall be interpreted and construed pursuant to the laws of the State of California without regard to its conflicts of laws principles. The Receiving Party agrees that this Agreement may be enforced in the courts of the State of California and, by executing this Agreement, the Receiving Party submits to the jurisdiction of any federal or state court in California for the resolution of any dispute under this Agreement.

   (c) **Waiver; Amendment.** None of the terms or conditions of this Agreement may be amended or waived except in writing signed by the Parties. The Parties agree that no waiver, amendment, or modification of this Agreement shall be established by conduct, custom, or course of dealing. The failure by any Party at any time or times to require performance of any provision hereof will in no manner affect its right at a later time to enforce the same.

   (d) **Assignment.** This Agreement shall not be assignable without the prior written consent of the non-assigning Party, and such consent may not be unreasonably withheld. Any assignment attempted in violation of this paragraph shall be void.

   (e) **Severability.** If any term of this Agreement is found to be invalid by a court of competent jurisdiction then such term shall remain in force to the maximum extent permitted by law. All other terms shall remain in force unless that term is determined not to be severable from all other provisions of this Agreement by such court.
(f) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original part, all of which together shall constitute one and the same instrument.

(g) **Successors and Assigns.** The benefits of this Agreement shall inure to the respective successors and assigns of the Parties hereto, and the obligations and liabilities assumed in this Agreement by the Parties hereto shall be binding upon their respective successors and assigns.

(h) **Ownership Rights Not Created.** The transfer of Confidential Information hereunder shall not be construed as granting a license of any kind or any right of ownership in the Confidential Information.

(i) **No Obligation to Disclose.** Nothing in this Agreement shall obligate the City to disclose specific Confidential Information to the Receiving Party. Such disclosures shall be at the City’s sole discretion.

(j) Each Party represents that the person signing this Agreement on its behalf is authorized to enter into this Agreement on behalf of the Party for whom they sign.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the Effective Date.

_______________________________
By: 
Title:

CITY OF PALO ALTO

_______________________________
By: James Keene
Title: City Manager

Approved:

_______________________________
By: Valerie Fong
Title: Director of Utilities

Approved as to Form

_______________________________
By: Grant Kolling
Title: Senior Assistant City Attorney
# Table of Contents

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goals/Methodology</td>
<td>3</td>
</tr>
<tr>
<td>Awareness &amp; Support of FTTP</td>
<td>6</td>
</tr>
<tr>
<td>FTTP Costs &amp; Homeowner Interest</td>
<td>12</td>
</tr>
<tr>
<td>Broadband Competition in Palo Alto</td>
<td>21</td>
</tr>
<tr>
<td>Demographics</td>
<td>31</td>
</tr>
<tr>
<td>Summary</td>
<td>35</td>
</tr>
<tr>
<td>Next Steps</td>
<td>40</td>
</tr>
</tbody>
</table>
Goals/Methodology/Topics
Study Goals/Methodology

• **Goals:**
  - Measure consumer receptiveness to an “open-access” user-financed approach to residential Fiber-to-the-Premise (FTTP)
    • Willingness to invest
    • Price points
    • Current Provider
      - Switch Behavior
      - Provider Ratings

• **Methodology:**
  - 401 Residential telephone Interviews (Homeowners Only)
  - Conducted December 2011 *(15 minutes average length)*
    • Palo Alto provided sample and identified as sponsor
## Snap Shot Interest in Palo Alto FTTP

<table>
<thead>
<tr>
<th>Snap-Shot of Homeowners</th>
<th>Yes</th>
<th>No</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Should Network Be Extended to Residential?</td>
<td>76%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Support if increased home value?</td>
<td>67%</td>
<td>21%</td>
<td>12%</td>
</tr>
<tr>
<td>Support with Cost of $40-$60 Mill.?</td>
<td>38%</td>
<td>24%</td>
<td>38%</td>
</tr>
<tr>
<td>Support if $3,000 and Monthly Fee?</td>
<td>23%</td>
<td>68%</td>
<td>8%</td>
</tr>
<tr>
<td>Support 10-year $25 installments</td>
<td>68%</td>
<td>26%</td>
<td>5%</td>
</tr>
<tr>
<td>How Many Homeowners Will Pay In Your Neighborhood?</td>
<td>10% (Most)</td>
<td>27% (Some)</td>
<td>41% (Few/Hardly)</td>
</tr>
<tr>
<td>Should CPAU Compete with Comcast/ATT?</td>
<td>61%</td>
<td>26%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Base is all homeowners (401).
Awareness & Support Of A FTTP Option
Half Are Aware of The Fiber Optic Network, Most Believe The City Should Extend The Network

Over half of Palo Alto homeowners are aware that the city owns a fiber optic network, and three-fourths - 76% - support extending the network into residential neighborhoods.

Support for extending the network was equally strong whether the homeowners knew the city owned the fiber network (77%) or was not aware of the fiber network (75%).

Base is all homeowners. (Question I-1,2a)
Increasing Home Value Adds Little to Support, But Four In Ten Are Not Abated By Costs

Seven in ten homeowners are likely to support the fiber network extension knowing that it would likely increase home values.

- Among these (268 homeowners) roughly four in ten (121 respondents) remain interested even after being told about the costs of the network build out.

**Support Among ALL Customers:**
- Yes = 30%
- No = 40%
- NS = 30%

Base is all customers (401) for Q12-b, 317 for Q1-3 (support with Costs).
Supportive Target Segment

- Support for the Fiber Optic build-out is strongest – as expected - among younger, more affluent Palo Alto homeowners.
  - Worth noting is that support for the build-out is much stronger among AT&T customers (60%) than Comcast customers (36%).

### Demographics

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Support Costs ($40 - $60 Mill.)</th>
<th>Will Not Support</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>25%: Over 64 yrs old 54%: Under 54 yrs old</td>
<td>47%: Over 64 yrs 36%: Under 54 yrs old</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td>57%: Over $100,000</td>
<td>41%: Over $100,000</td>
</tr>
<tr>
<td><strong>Lifestyle</strong></td>
<td>71%:Employed 26%:Retired</td>
<td>43%:Employed 51%:Retired</td>
</tr>
<tr>
<td><strong>Current Provider</strong></td>
<td>60%:AT&amp;T 36%:Comcast</td>
<td>46%:AT&amp;T 34%:Comcast</td>
</tr>
<tr>
<td><strong>Aware of Palo Alto Network</strong></td>
<td>54%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Note: Base = all homeowners.
Support is Uniform Across All Zip Codes

No one zip code in Palo Alto reports significantly higher interest in the Fiber Optic build-out than another area. *(There is slightly higher support in 94303 and 94306, but the difference is not significant.)*

The data also show that support (and opposition and “Don’t Knows”) are equally distributed; this suggests that “buyers” are likely to be drawn from ALL areas of Palo Alto which also means that costs can be spread across all areas.

Base: Zipcode 94301 = 89; 94303 = 116. 94306 = 108.
Prior Awareness of City Owned Fiber Optic Network Adds No Additional Support

Whether or not homeowners are aware that the city currently owns a fiber optic network does not influence support or opposition to a citywide build-out. In fact, statistically there is no difference in support if the resident is aware or not aware about the network that already exists.

Base: Homeowners aware of City owned fiber network (n=171), not aware (n=134).
FTTP Costs & Homeowner Interest
One in six homeowners reports they are willing to support CPAU extending the existing fiber network into residential neighborhoods, aware that the costs could be as much as $3,000 up-front and $50 - $250 per month for the service.

- Just over one in three are willing to invest in the fiber extension into their neighborhood.

<table>
<thead>
<tr>
<th>Extension Status</th>
<th>All Homeowners</th>
<th>Supporters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extend Network</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Willing to Invest</td>
<td>9%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Base: 317 homeowners. Questions QI-4a, QI-4b.
Most Supporters Want the Service in Their Neighborhood

- Most homeowners who support the expansion appear willing to back up their preference, and invest in the fiber network into their neighborhood - this segment of 57 homeowners represents 14% of ALL survey respondents.
- An additional segment of 76 respondents who do not support the expansion, but are willing to invest in an expansion into their neighborhood represents an additional 19% of all respondents.

Both groups combine for a total of 33% of Palo Alto homeowners.

Note: Total Responding = 317 respondents: 74 willing to support $3,000 initial costs plus monthly fee; 216 not supporting initial cost and fees, 27 not sure.
Consistent with FTTP support, homeowners who are willing to invest in the Fiber Optic build-out are younger and more affluent Palo Alto residents.

- Homeowners willing to invest in the build-out are drawn slightly more from among AT&T customers (52%) than Comcast customers (37%).

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Willing To Invest</th>
<th>Not Willing to Invest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>26%: Over 64 yrs old</td>
<td>42%: Over 64 yrs</td>
</tr>
<tr>
<td></td>
<td>57%: Under 54 yrs old</td>
<td>34%: Under 54 yrs old</td>
</tr>
<tr>
<td>Income</td>
<td>62%: Over $100,000</td>
<td>42%: Over $100,000</td>
</tr>
<tr>
<td>Lifestyle</td>
<td>70%: Employed</td>
<td>54%: Employed</td>
</tr>
<tr>
<td></td>
<td>26%: Retired</td>
<td>44%: Retired</td>
</tr>
<tr>
<td>Current Provider</td>
<td>52%: AT&amp;T</td>
<td>51%: AT&amp;T</td>
</tr>
<tr>
<td></td>
<td>37%: Comcast</td>
<td>36%: Comcast</td>
</tr>
<tr>
<td>Aware of CPAU Network</td>
<td>57%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Note: Base = 145 respondents willing to invest, 135 who are not willing to invest.
“Acceptable Costs” Fall Well Below Anticipated Build-Out Threshold

While support is strong for the network expansion, most homeowners fall well below the $3,000 threshold of an initial, one-time investment.

- Three in ten homeowners are not willing to pay more than $1,000 for the initial investment, and 35% would pay no more than $2,000 for build-out opportunity. Just 4% of homeowners fall in the $3,000 or more investment range.

Base is all respondents. Question I-5
Homeowners Willing To Invest Report The Same Price Point As Homeowners Not Willing

Few homeowners willing to invest in the city FTTP are willing to invest more than $2,000, with two-thirds (67%) describing their maximum of $2,000 or less.

- This suggests that while support is strong, hitting the $3,000, or even the $2,000 threshold among homeowners will be a major challenge.

Support for 10-Year Installment Plan is Strong

Homeowners supporting the FTTP plan, overwhelmingly support a 10-year installment plan as a way for the city to offer the build-out into residential neighborhoods.

Among all respondents, (both supporters and non-supporters), support for the build-out represents just under half of Palo Alto homeowners (45%).

Support Among ALL Respondents:
- Yes = 45%
- No = 52%
- NS = 3%

Base is all respondents (262) for Q I-6.
Homeowners’ Project How Many of Their Neighbors Would be Willing To Pay The One-Time Fee

Just over a third (37%) of Palo Alto homeowners believe that either all or most of their neighbors would be willing to pay the one-time fee to extend the existing fiber network.

By contrast 41% project that few or hardly any of their neighbors would be willing to pay the one-time fee to extend the network.

Base is all respondents (401). Question I-7.
Homeowners Willing to Invest More Optimistic About Neighbors’ Interest

Homeowners who expressed a willingness to invest in the expansion are more optimistic about their neighbors’ interest (62% believe “Most” or “Some” will invest) than respondents not willing to invest in the expansion (57% report “Few” or “Hardly Any” will invest).

Broadband Competition in Palo Alto
Most Believe The City Should Extend Network To Stimulate Competition

- Regardless of whether homeowners support or oppose the build-out of the fiber network into residential areas, a majority of respondents (61%) do believe the city should provide broadband services to compete against existing providers.
- Predictably, among those willing to invest in the expansion, an overwhelming number (85%) supports broadband competition.

Base: 401 homeowners, 145 willing to invest. Question C-1, I-4b.
Most Homeowners Are Willing to Pay Under $100 Per Month For A Fiber Connection

About two-thirds (64%) of homeowners are willing to pay under $100 per month for a fiber connection; another 20% are willing to pay $100 or more.

Homeowners willing to invest in the CPAU fiber network expansion are willing to pay more per month for a connection, than customers not willing to invest in the fiber expansion.

Base: = 401; Willing to invest = 145, Not = 135. QC-2, I-4b
Half of Palo Alto homeowners (49%) access the internet through an AT&T service, followed by 37% who use Comcast, and 8% reporting some other service provider.

Base is all homeowners (401). Question BG-1a.
Market Leaders AT&T and Comcast Provide Mostly Cable TV and Phone Services

In addition to Internet access, AT&T customers report purchasing mostly telephone service (70%) from the company – one in four has a bundle service (Cable, Telephone and Internet) from the company.

Comcast customers are split between a bundle option (Cable, Telephone, and Internet – 41%) and just an added Cable TV option (52%) through Comcast.

Base is 282. 165 AT&T Customers, 111 Comcast Customers. Question BG-1a, b.
Few Customers Have Switched In the Past 2-Years

Most subscribers report NOT switching in the past 2-years. Just one in five AT&T customers, and three in ten Comcast customers report switching service in the past 2-years.

Base is 282. 165 AT&T Customers, 111 Comcast Customers. Question BG-1a, b.
Lower Cost Is The Prime Reason For Switching

Among the limited number who report switching in the past 2-years, lowering costs was the primary reason for the move, followed closely by the quality of service from the previous provider. Few said they switched due to a customer service problem (7%).

Base is 110 respondents. Questions BG-3.
Promo Pulls Most AT&T Switchers, Service Quality Pulls Comcast Switchers

Customers switching to AT&T cite a promotion (43%) as the primary motivator for the move, followed distantly by Quality of Service (28%).

For Comcast customers who switched, Quality of service (33%) pulled most, followed by a Move (17%).

Base is 110 respondents. Questions BG-3.
Responsive, Quality Service Top Satisfaction List

Internet customers are most satisfied with the reliability of the service received, followed by the quality of the service, and responsiveness of billing and customer services.

- Areas of lesser satisfaction include offering customers the latest technology, price, and overall value.

Base is customers of internet service providers with not sure’s removed (366)
Ratings on a 0 = Very Dissatisfied to 10 = Very Satisfied scale. QBG-4a-g.
Comcast Leads Most Satisfaction Ratings, But Differences Are Not Significant

In terms of satisfaction, Comcast leads AT&T on most ratings, but only slightly. Customers of both services cite Reliability, and Quality of Service as top areas.

- AT&T does better on Price, but lower on Bundled Options.
- Comcast leads on Having the Latest Technology, but falls short on Price opinion.

Base: customers of AT&T and Comcast. Ratings 0 = Very Dissatisfied to 10 = Very Satisfied scale. QBG 4a-g
Demographics
Lifestyle

Base is all customers. Questions D1.
Age

Base is all customers. Questions D2.
Fiber to Premise Study

Income

Base is all customers. Questions D3.
Summary – The Market Opportunity

• The results suggest that there is support for CPAU expanding the fiber optic network into residential neighborhoods.
  – One in six homeowners are not only willing to support the build-out at a cost of $40 - $60 million, but also say they would be willing to fund the investment at $3,000 initial cost plus a monthly fee.
  – An additional one in five homeowners are willing to fund the investment even though they do not support the build-out option.
  • Homeowners in both the categories represent just over one in three Palo Alto homeowners (36%).
  • A pessimistic “correction factor” of 50% leaves roughly 18% of homeowners willing to invest.
Summary – Tempering Opportunity with Reality

• While there is clearly support for the FTTP option, homeowners are pushing back on their price expectations with most expressed commitments falling well below the $3,000 threshold of an initial, one-time investment.

• Three in ten homeowners are not willing to pay more than $1,000 for the initial investment, and 35% would pay no more than $2,000 for build out opportunity.
  • Just 4% of all homeowners fall in the $3,000 or more investment range.
  – Homeowners – particularly those willing to invest -- appear willing to meet the monthly commitment of $100 for a service provider, but the hurdle will be in gathering a sufficient number of homeowners who are willing to invest within their comfort range.

• To successfully pull customers from existing providers, the City must move beyond marketing the infrastructure as a selling point, and build a strategic vision that adds value and return on customers’ investment.
Summary – Competitors

- AT&T and Comcast share the market, with both providers offering cable and telephone service and most customers appear satisfied.
  - AT&T has about half of the market, with Comcast capturing roughly four in ten customers.
  - The critical issue with both current providers is that few of their customers have recently – in the past 2-years – switched.
  - And among those switching, the primary motivator was a promotion that likely lowered costs. Switching based on better quality of service was the second most cited reason, but price appears to be the motivator.
  - Given homeowners’ stance on price, if the City of Palo Alto decides to pursue the FTTP service, it must anticipate that homeowners will assess the service not just based on the value added to the home, but also on what is currently available at a similar price.

The City cannot expect a drove of homeowners will switch to its offering just because it offers a competitive service. The City must view and approach the FTTP option as a retail product with several well-established and credible competitors all vying for the same limited customer base.
The City of Palo Alto is in a unique position: continuing research affirms that residents view CPAU as a respected and competent provider of core utility services. As a result, the City can anticipate that measurable numbers will initially want to add telecom to the list of services they purchase from CPAU. This research shows:

- There is interest in the service,
- There are options for customers (many would approve a 10-year $25 plan), but also that
- There are major hurdles to overcome including structuring a realistic competitive price, that effectively pulls a sufficient number of already satisfied customers from other providers.

All of this suggests strongly that if the City moves ahead it must view the FTTP option as a retail offering that is part of a strategic plan with a marketing agenda that is built on value and price competitiveness, not a “build it and they will come” strategy.
City Of Palo Alto
Fiber To The Premise study
(Residential Customers)

January 2012

(www.RKSresearch.com)