

MUNICIPAL WIFI

How to Draft an Anchor Tenant Contract



Moss & Barnett
A Professional Association

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How Do You Get Your Internet?

Dial-up	56-280 Kbps	\$5-\$10
DSL	1-6 Mbps	\$20-\$40+
Cable Modem	1-7 Mbps	\$40+
Cellular (3G)	300-500 Kbps	\$80+
WiFi	1-11 Mbps	\$17-\$30
WiMAX	Up to 75 Mbps	?

Ownership Models

1. Non-profit
2. Private Contract
3. Municipal Ownership Model
4. Public/Private Partnership
 - Anchor Tenant

Components of an Agreement

1. Scope of work
2. Project schedule
3. Payments / Pricing
4. Schedule of fees
5. Service level agreement

Scope of Work

- Standard city contracting requirements
- Establish type of system to be built
 - Technical specifications – area of coverage
 - Timing for construction
 - City assets to be utilized
 - Poles, water towers, signalized intersections, fiber
 - Fiber construction / backhaul needs
 - Incorporate pole attachment safe guards
 - Enforcement and termination provisions
 - Open access
 - Mandatory wholesale requirements and pricing

Project Schedule

- Phase construction – most typical
 - May include test area
- Address local permitting obligations
- System testing and acceptance
 - Police and fire needs
- Security to enforce compliance
 - Incentive – cash payments
 - Letter of credit
 - Bonds
 - Personal or corporate guarantees

Payments / Pricing

- The City paid \$2.2 million in advance
 - For future services on system
 - \$1.1 million at start
 - \$1.1 million at system acceptance
- Total City commitment over 10 year term
 - \$1,250,000 /yr for services on system
 - less credit for \$2.2 million advance
- USI to pay City \$450,000
 - To offset city project costs
 - \$150,000 on award
 - \$300,000 on network signoff

Payments / Pricing

- USI paid City \$500,000 for Digital Inclusion Fund
 - to promote affordable Internet access
 - low-cost hardware for low income residents
 - local content and training for neighborhood organizations
- USI to pay City 5% of the system's net profits
 - \$11 million est. to be provided to City over 10 year term
- USI to provide free service available in
 - public locations
 - parks and plazas
- Free “walled garden” level of service
 - Free access to City / governmental sites
 - To provide community service information

Schedule of fees

- 10-year initial contract term
 1. Residential service:
 - 10 year fixed rate of \$19.95 /mo for 1-3 megs
 - Subs may buy up for higher speed service
 2. Business service
 - \$29.95 /mo 1-3 megs
 3. City services
 - \$12.00 /mo 1-3 megs
- Pole attachment fee - \$9 /mo
 - Includes 10 watts of power
- Traffic signal poles - \$20 /mo

Service Level Agreement

- 99.9% availability uptime ability
 - Exception for power outages beyond control
- Municipal vehicle
 - 1-3 Mbps 95% outdoor coverage
- Residential coverage
 - 1-3 Mbps 95% outdoor / 90% indoor
- High rise coverage
 - may be met with other transport capability
- Customer premises equipment
 - \$70 cap - \$5 lease

Enforcement

- Dispute Escalation procedure
 - senior management meet
- Outage credits provided to City
 - 2-3 hr \$100/node
 - 3 hr+ \$500/node
 - \$50,000 cap/month
 - \$250,000 cap for consecutive outages

100% Network Outage

- 60 minutes = up to \$50,000/day
 - \$250,000 cap for given outage
- Uncured for 72 hours
 - third party cure – operator pays
- Termination
 - City has right to acquire system
 - Valuation method specified

Is the System Working?

- August 1, 2007 – I-35 bridge collapses
 - Within the first hour phone lines were jammed
 - Cell phone usage exceeded capacity
- USI's 1st phase surrounded I-35
 - USI immediately disabled security on system
 - 6000 users were logged on to the system
 - 6 times the normal daily use at that time
 - System was the foundation of the City's emergency operations command center
 - critical support to on-site workers
 - Next day USI added webcams linked to Wi-Fi transceiver
 - Allowed City to remotely monitor recovery, demolition, construction



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Thank You!

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