



# CITY OF LONG BEACH

# R-25

DEPARTMENT OF TECHNOLOGY AND INNOVATION

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May 3, 2016

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the implementation of a Lit Services Pilot Program for the provision of internet services for a period of one year; and,

Authorize the City Manager, or designee, to execute a Lease Agreement with Famous Dave's of America, Inc., of Minnetonka, MN, for the lease of Lit Services, in an annual amount of \$11,988, billed monthly at the rate of \$999 per month. (District 2)

## DISCUSSION

The City has built a Municipal Fiber Network (MFN) for delivering voice, video, and data communications to City facilities. Staff has received numerous inquiries from businesses interested in receiving internet access (otherwise known as Lit Services in the industry) directly from the City. These businesses are in areas that are not currently served by the major Internet Service Providers (ISP).

In order for the City to explore the possibility of providing an ISP function to local businesses, the Technology and Innovation Department (TI) proposes to implement a limited, one-year pilot program to provide Lit Services. Approximately six months after the inception of the pilot program, TI staff will begin a feasibility analysis of the benefits and challenges of providing internet connectivity to local businesses. When the analysis is complete, TI staff will seek City Council direction on whether to extend the term of the limited pilot program, or expand the program to other local businesses.

The proposed Lease Agreement under the pilot program would provide Lit Services to Famous Dave's Long Beach, at 300 S. Pine Avenue, as the initial participant. Lit Services include the provisioning, equipment installation, management, and support of all services required to provide internet access over the MFN. Lit Services will allow Famous Dave's to receive high-speed internet connectivity. These services have become as important as electricity to growing businesses that rely on a high-speed internet connection. While these Lit Services will share the same conduit as the MFN, it is completely segregated from the City networks and does not impose any security risks to the City infrastructure.

Famous Dave's was chosen for this pilot program because of their inability to obtain high-speed internet service from other ISPs, proximity to unused City fiber, and the minimal cost for the City to configure and install a modem on the Famous Dave's premises.

The proposed Lease Agreement would contain the following major provisions:

- Lessor: City of Long Beach, a municipal corporation.
- Lessee: Famous Dave's of America, Inc.
- Term: June 1, 2016 through May 31, 2017.
- Location: 300 S. Pine Avenue, Long Beach, CA.
- Lease Amount: Lessee shall pay Lessor \$999 per month. The monthly lease amount was determined by a survey of rates for similar internet services in the Los Angeles South Bay region.

This matter was reviewed by Deputy City Attorney Amy R. Webber on April 14, 2016 and by Budget Management Officer Victoria Bell on April 13, 2016.

TIMING CONSIDERATIONS

City Council action is requested on May 3, 2016, to allow for the timely execution of the Lease Agreement with Famous Dave's of America, Inc.

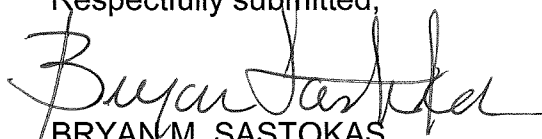
FISCAL IMPACT

It is anticipated that the City's support and maintenance cost to provide Lit Services at the Famous Dave's location will not exceed \$250 per month for staff time, plus a one-time installation cost of \$400. This cost will be absorbed within existing resources budgeted in the General Services Fund (IS 385) in the Technology and Innovation Department (TI). Monthly lease revenue in the amount of \$999 will be deposited to the General Services Fund (IS385) in the Technology and Innovation Department (TI). If there is a subsequent decision to provide Lit Services to additional participants, additional budgeted resources may be required, with the cost to be fully offset by monthly charges to each lessee. Approval of this recommendation will provide continued support to the local economy.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



BRYAN M. SASTOKAS  
DIRECTOR OF TECHNOLOGY AND INNOVATION

APPROVED:



PATRICK H. WEST  
CITY MANAGER