



# STAFF REPORT

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September 28, 2022  
File Number 0600-10; A-3433

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## SUBJECT

**APPROVAL OF A RIGHT-OF-WAY ENCROACHMENT AGREEMENT WITH SIFI NETWORKS ESCONDIDO, LLC**

## DEPARTMENT

Information Systems

## RECOMMENDATION

Request that the City Council adopt Resolution No. 2022-143, awarding the Right-Of-Way Encroachment Agreement to SiFi Networks, Escondido LLC ("SiFi") to allow for the installation of a citywide fiber communications system ("Project"), and authorizing the Mayor to execute the Agreement.

Staff Recommendation: Approval (Jennifer Schoeneck, Deputy Director of Economic Development, Robert Van De Hey, Chief Information Officer, and Julie Procopio, City Engineer)

Presenter: Jennifer Schoeneck, Rob Van De Hey, and Julie Procopio

## FISCAL ANALYSIS

There is no direct cost to the City of Escondido ("City") associated with the installation and operation of the system. SiFi has agreed to cover the cost of all City staff time associated with plan checks and field inspections. SiFi is not a registered state utility and therefore not afforded the typical protection that registered utility companies operating under the purview of the California Public Utilities Commission (CPUC) receive. As a result, SiFi typically executes agreements with its host cities in order to obtain access to their rights-of-way, establish the agreed upon permitting process, and memorialize any community benefits to be provided. Following a competitive analysis, SiFi was determined to be the superior fiber communications system provider meeting Escondido's citywide infrastructure needs.

## PREVIOUS ACTION

None.

## BACKGROUND

SiFi Networks is a privately-owned telecom company that funds, builds, and operates open access fiber networks across the United States. SiFi's business model and its Escondido proposal include the installation of fiber along every public street at no cost to the City.



# CITY *of* ESCONDIDO

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SiFi Networks is a international company that has deployed open access fiber networks internationally, including a number of cities in North America. Although the company has had a US presence since 2014, it is relatively new to California. SiFi is currently working on projects within Fullerton, Downey, Placentia and Simi Valley and has announced plans to deploy in Simi Valley, Yuba City, Rancho Cordova, Lancaster, Palmdale and Folsom. SiFi owns and operates all equipment within its system and partners with various Internet Service Providers ("ISPs") that provide the point of connection between SiFi's backbone system and each individual premises.

SiFi offers an affordable, subsidized internet access program called FiberCity Aid which currently offers Gigabyte speed internet service for as low as \$30 per month to qualifying households. SiFi is also committed to providing fiber access to City facilities and equipment at a substantially reduced rate.

The installation of a citywide fiber system along every public street at no cost to the City would provide significant public benefits to our community. Once the network is completed, every property that fronts on a public street in Escondido would have access to Gigabyte speed internet service which would greatly enhance connectivity for our residents, businesses, and City facilities. SiFi will also make efforts to provide access to communities that are served by a private street system.

The provision of a citywide fiber network would complement the City's economic development efforts as many businesses rely on high speed internet service to remain competitive. This network would also ensure that our residents have access to reliable high-speed internet service with opportunities to provide low cost access to economically disadvantaged households. Offering Gigabyte speed fiber access to our local residents would also complement the City's and SANDAG's ongoing efforts to address the "digital divide."

It is recommended that the right of way agreement be approved with SiFi for the installation of a citywide fiber system. SiFi anticipates completing system buildout within three to four years with the first customers connected approximately eight months from commencement of construction.

### **RESOLUTIONS**

- a. Resolution No. 2022-143
- b. Resolution No. 2022-143 Exhibit "A" – Right of Way Encroachment Agreement