



Memorandum

Community Wireless Communications Co.

TO: David L. Corliss, City Manager

FROM: Joshua Montgomery, Community Wireless Communications

CC: Cynthia Wagner, Diane Stoddard

Date: April 30, 2010

RE: Staff Report Regarding Request from Community Wireless Communication for Comprehensive Agreement with the City of Lawrence

This document is a response to the City's memorandum dated April 28, 2010 which has been placed on the City Agenda for May 4, 2010.

Our end goal for the meeting of May 4, 2010 is to have the City Commission direct staff to negotiate contract(s) for access to certain city rights-of-way in exchange for a 5% "city use fee" to be paid on CWC's broadband revenue. Please note that the proposed fee is **not** a franchise fee.

CWC envisions the end agreement as a single master agreement with several subsidiary agreements, one for each of the following points of presence:

1. Stratford water tower
2. Kasold water tower
3. Harper water tower
4. 6th St. water tower

The City Hall site is currently used primarily to move data for the Water department, and as such should be left as a customer site.

The master agreement would encompass use of illumination heads throughout the City of Lawrence.



Further details:

"CWC's request is essentially asking the City to have an alternate way to handle future agreements with for-profit companies that would be more conducive to small companies than the current practice of flat fee agreements for access to City infrastructure"

Response: It is not CWC's intention to have an alternate way to handle future agreements with for-profit cellular service companies. CWC is a wireless broadband services provider. This makes it unique within the City of Lawrence. Unlike cellular companies that cover the entire city with 5 or 6 tower sites, CWC has 600+ points of presence in the community. This requires a different way of thinking about the project.

The purpose of a city use fee is to reduce the time, energy and cost required to negotiate each and every point of presence. This allows companies to build out infrastructure without having to execute an agreement for each and every pole, street light, rooftop, tower site, conduit, etc.

It is our goal to pursue an agreement that makes sense for CWC as a wireless broadband provider and a local small business. It is also our goal to be fair and provide a growing revenue stream to the City in exchange for use of the right-of-way.

It should be noted that the future ownership of the illumination poles in Lawrence is in question. As a result, CWC would like to have an agreement in place that protects its interests in the event that the ownership changes hands.

Less-than-market rate:

"Policy issues regarding this approach are 1) equal treatment for all for-profit companies and 2) potentially creating a situation where the City gets less-than-market rate revenue for its infrastructure access."

CWC already has access to the right of way as part of its video franchise agreement. Since the video service is still quite a way from launch, it means the company has access to the right-of-way at no costs. This proposal is an attempt to rectify this situation and put the company on paid footing equal with other carriers in the community.

On tower sites, it is important to note that other service providers have a much larger presence at the City's structures than CWC. Their buildings are 5 to 10 times as large as CWC's. They also have much larger antenna and amplifier installations with wind loading areas that are 5 to 10 times as large. Any negotiation for fixed fee pricing should take this into account.



We would propose that we agree to a fixed fee per-tower, then deduct that fee from the 5% city use fee. That would mitigate the issues related to the fixed fee, while giving CWC the ability to install equipment as needed.

Spectrum Use:

"This is not a concern with the City's current agreements with other major communications companies who have paid hundreds of thousands of dollars to the FCC to receive exclusive rights to certain frequencies"

Response: Billions, major telecoms have paid billions for this spectrum. This leaves CWC with little choice but to use what open spectrum is available. It is common practice for cities that lease tower space to broadband providers to allocate spectrum use as part of the lease. Our neighbor DeSoto is a good example of this. This arrangement prevents litigation in the event of one vendor causing interference for another.

CWC is willing to agree to the proposed language, but because the company is not guaranteed use of spectrum, it creates a risk to the company that the sites will become useless due to other co-located vendors operating on similar spectrum.

This further reduces the value of the tower sites to the company, making them worth significantly less than their value to the major telecoms who are guaranteed interference free operation.

Interference Issues:

CWC and Douglas County Emergency Management identified a piece of equipment on Stratford Tower as a source of interference on Sept 21, 2007. This equipment was installed improperly to resolve a customer issue some time in early 2007. The issue was addressed within three (3) hours.

At this same time CWC and Douglas County identified two other non-conforming items that are potential sources of interference. This too was due to improper installation on our part.

The company launched a project to resolve this issue in late 2007, however, the ball got dropped during a staffing change at CWC and the solution was never implemented. Presumably the county never brought the issue up again because it was not causing problems.



In April 2010 CWC realized that the solution was never implemented. CWC brought this issue up with the county last month as part of its negotiations for an additional tower site.

The company is in the process of resolving the non-conforming installation because it might potentially cause interference at some future time.

It is important that the commission understand that there are no known interference issues at this site presently and that the issue being addressed is to mitigate potential interference that might be an issue in the future.

Data Services:

"The City currently utilizes Freenet wireless service to monitor the City's water towers for security purposes. Presently, the City pays 6,000 per year for this service."

Response: The city's camera system is responsible for moving 53 GB of traffic per day on the core network. This is more than 10% of the 500 GB of traffic that the network moves each day. The water department received a \$9,000 partner discount for this service in 2009. The city is responsible for less than 2% of the project's overall revenue.

Other communities have made extensive use of their municipal wireless networks for emergency services, remote connectivity, office connectivity, mobile broadband, intelligent traffic systems, etc.

The company would be interested in providing these services in as part of any agreement for use of the right-of-way.

Franchisee:

"Regarding the ROW agreement, staff would recommend the City's standard provisions found in other franchise agreements, including a requirement that CWC be part of Kansas One-Call. "

Response: As a video service franchisee, CWC is a member of One-call, has posted a bond with the city, etc. The purpose of the proposed agreement is to ensure access to illumination heads in the event of an ownership transfer, to simplify the arrangement between the project and the City and to provide security and predictability for new and current investors.

Lawrence Freenet Inc

PO Box 3532

Lawrence, KS 66046

Invoice

Date	Invoice #
11/2/2009	34227

Bill To
City of Lawrence Water Dept P.O. Box 708 Lawrence, KS 66044



P.O. No.	Terms	Project
	Net 30	

Quantity	Description	Rate	Amount
12	Video Service Harper	250.00	3,000.00
	Partner Discount Harper (\$150/Mo)	-1,800.00	-1,800.00
12	Video Service Kasold	250.00	3,000.00
	Partner Discount Kasold (\$150/Mo)	-1,800.00	-1,800.00
12	Video Service Oread	250.00	3,000.00
	Partner Discount Oread (\$150/Mo)	-1,800.00	-1,800.00
12	Video Service Stratford	250.00	3,000.00
	Partner Discount Stratford (\$150/Mo)	-1,800.00	-1,800.00
12	Video Service 6th Street	250.00	3,000.00
	Partner Discount 6th Street (\$150/Mo)	-1,800.00	-1,800.00
		Total	\$6,000.00