



# MEMORANDUM

*Department of Information Services*

---

**To:** Honorable Mayor and City Council  
**Through:** Thomas Williams, City Manager  
**From:** Bill Marion, Information Services Director  
**Subject:** EarthLink WiFi Proposal  
**Date:** February 25, 2008

**Background:**

In late 2005 the City was approached by EarthLink Inc., with a proposal to offer WiFi service within the City of Milpitas. This proposal involved the mounting of devices on City light poles and traffic light poles within the public right of way. This would provide wireless Internet service to nearly all residential and commercial areas of the City.

An agreement with EarthLink was approved in March of 2006 and construction of the network was completed in December of 2006. Wireless service has been available on a subscription basis as well as free service at specific locations. The network is one of two wireless data services used by City Police and Fire vehicles. It is also in use for a pilot program of wireless meter reading and wireless connectivity for City Building Inspectors.

Due to a re-organization of EarthLink's business units, they have decided to transition away from wireless services and concentrate on their traditional lines of business. As per the agreement with the City, EarthLink may with the approval of the City, sell its Milpitas wireless network to another provider. In lieu of selling the Milpitas network, EarthLink has offered to transfer the network assets to the City in exchange for an early termination of their agreement. EarthLink has indicated to staff that they desire to terminate paid service by the end of the first quarter of this calendar year.

Acquiring the assets of the EarthLink network would be of benefit to the City. Existing public safety applications could be continued and planned applications for meter reading and field inspections pursued. Under the original agreement, free public WiFi access was provided at the

Community Center, Sports Center and Senior Center. This service would continue to be provided with the addition of public WiFi access in the Council Chambers. By eliminating paid service and its associated costs, staff believes that the network could be operated for municipal purposes for approximately \$10,000 per year. This cost would be offset by the sale of unneeded equipment estimated to generate approximately \$200,000. A portion of the proceeds from the sale of equipment could also be deposited in the Technology Equipment Replacement fund.

While the immediate intent would be to use the network for public safety, the City could in the future seek providers to offer Internet services for public and commercial purposes. Given the reported installation cost of the network at \$1.8 million, the City would benefit greatly from the assumption of these assets. The Telecommunications Commission has reviewed the EarthLink proposal and recommends proceeding with negotiations for the transfer of the network with the provision of free public access at the aforementioned locations. As recommended above, the existing free service would be continued and expanded to include the Council Chambers.

**Recommendations:**

1. Direct staff to negotiate and draft an agreement with EarthLink Inc., for the transfer of WiFi network assets to the City of Milpitas.
2. Authorize the City Manager to execute an agreement with EarthLink Inc., for the transfer of assets the City of Milpitas, subject to approval as to form by the City Attorney.
3. Direct staff to return with a progress report on assumption of the EarthLink network and recommendations for the disposition of surplus equipment.



**EarthLink**

January 24, 2008

Via Email

William Marion  
Information Services Director  
City of Milpitas  
1265 N Milpitas Blvd  
Milpitas, CA 95035

Re: EarthLink, Inc ("EarthLink") Municipal WiFi Network

Dear Bill:

EarthLink would like to confirm its interest in discussing with the City of Milpitas ("City") the possible transfer to the City of the WiFi broadband Internet network established by EarthLink pursuant to the Network Services Agreement between the parties. The terms of such transfer would be subject to the execution of definitive agreements mutually satisfactory to both parties.

Sincerely,

James Dole

Chief Corporate Development Officer

cc: Dave Hanna, Tropos Networks, Inc.  
Bill Billbrough, VP Operations, Municipal Networks,  
EarthLink, Inc.