



CITY COUNCIL AGENDA REPORT

MEETING DATE: DECEMBER 1, 2009

ITEM NUMBER:

SUBJECT: ADDITIONAL AT&T ABOVE-GROUND UTILITY CABINETS

DATE: NOVEMBER 19, 2009

FROM: PUBLIC SERVICES DEPARTMENT, ADMINISTRATIVE DIVISION

PRESENTATION BY: PETER NAGHAVI, DIRECTOR, DEPARTMENT OF PUBLIC SERVICES

FOR FURTHER INFORMATION CONTACT: PETER NAGHAVI AT (714) 754-5343

RECOMMENDATION:

Approve a request from AT&T to install 15 additional above-ground "Project Lightspeed" VRAD (Video capable Remote Access Device) cabinets to provide expanded AT&T services in Costa Mesa.

BACKGROUND:

In 2006, the Assembly Bill AB2987 to allow utility companies to provide video service to their customers was passed by the State Assembly. The City Council, at their meeting of February 20, 2007, approved certain Conditions of Approval for AT&T installation of new Above-Ground Cabinets in the City (Attachment 1), to address concerns regarding the size and quantity of these utility cabinets in the public right-of-way. The conditions also addressed public notification, aesthetics, and maintenance, including graffiti abatement of the anticipated new utility boxes. The City Council approved for installation, 100 VRAD cabinet locations and directed the use of landscaping to screen the cabinets where possible (Attachment 2).

AT&T has completed the installation of screening landscaping in many locations. The planted shrubs have now matured to a good size and are beginning to effectively screen some of the cabinets. The City's Maintenance Division has been responsible for watering and ordinary maintenance of the landscaping. The City at this time has absorbed the maintenance costs by switching funds and staff time from other areas.

AT&T has been marketing the video service along with high-speed internet and home telephone under the U-verse product name. AT&T is providing service in each neighborhood as the VRAD cabinets are installed and activated. The City has received a total of \$7,197.37 from AT&T for video service franchise fees since the beginning of the fourth quarter of 2008. Franchise fees for the first and second quarter of 2009 were \$14,788 and \$21,360.83 respectively. The video service franchise fees reflect 5% of AT&T's gross receipts realized from their video and high speed internet service.

ANALYSIS:

There are 153 existing individual telephone service areas (Attachment 3) within the City. The City Council has approved only 100 locations to have the new, above-ground (VRAD) cabinets installed, thereby providing U-verse service to 100 of the 153 service neighborhoods. Based on the initial installation of VRAD cabinets, AT&T expects the demand for this service to increase and proposes to install another 15 VRAD cabinets to provide service to additional neighborhoods. AT&T has stated that they do not expect to exceed the proposed 15 locations.

Staff continues to work with AT&T to review the selection of appropriate VRAD cabinet locations, determining specific landscaping requirements, contact residents, inspect the construction/installation of the cabinets, and monitor VRAD installations after construction. This monitoring includes maintenance of the landscaping by the City and reporting graffiti for AT&T to remove. Public Services Department staff has filed over 30 graffiti removal requests to AT&T for both phone and VRAD cabinets within the past 6-months. AT&T has been prompt to respond in most cases.

ALTERNATIVES CONSIDERED:

The City Council may deny AT&T's request to install an additional 15 VRAD locations thereby preventing AT&T from providing U-verse services in the affected neighborhood.

FISCAL REVIEW:

AT&T has paid the City a total of \$43,346.20 in franchise fees for the first three quarters since the video services were initiated. As subscriptions increase, the franchise fees that the City receives will also increase.

The City's Maintenance Division has been responsible for watering and ordinary maintenance of the landscaping. The City at this time has absorbed the maintenance costs, and will require a revision to its budget to continue this maintenance service. The cost of this service is estimated to be \$25,000.

LEGAL REVIEW:

No legal review is required on this item at this time.

CONCLUSION:

Staff will continue to work with AT&T to ensure all conditions outlined on Attachment 1 are met. It is recommended that the City Council approve 15 additional AT&T VRAD cabinet locations within the City.

PETER NAGHAVI, DIRECTOR
Department of Public Services

COLLEEN O'DONOGHUE
Assistant Finance Director

- ATTACHMENTS: 1 - [Conditions of Approval for Large Cabinets](#)
2 - [Sample VRAD Landscape](#)
3 - [Existing AT&T Cabinet Locations](#)

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11:00 A.M.