

M O T I O N

Internet access is a critical utility to conduct commerce, deliver services efficiently and connect over 3 billion people around the world. The backbone infrastructure that makes internet services possible is complex and dependent on a marketplace that has fundamentally different values than the City's when it comes to rolling out investments in new infrastructure.

According to a Connected Cities and Inclusive Growth Policy Paper produced by the USC Annenberg School in January 2017, most communities in Los Angeles have only one choice in wireline broadband providers. This means that a student's ability to download the program assigned by her teacher to do her homework and upload her video project to the school's server is dependent on whether one company has decided to invest in her neighborhood. This means that the production company that needs to upload 4K video to the studio server has to select a neighborhood where a broadband company in the neighborhood decided to install fiber optic cable. This means that the hospital seeking to expand its operations and to practice state-of-the-art telemedicine can only select a neighborhood where the lone broadband company has invested in a high-speed, low-latency connection.

With only one participant in a market for high-speed broadband, there is no competitive pressure on providers to improve or expand service. The incumbent can sell whatever service they choose to whatever markets they like, with no transparency on pricing and no obligation to offer a roadmap of their investments to their customers. And as network improvements roll out in neighborhoods that can typically sustain higher rates for broadband services, the neighborhoods that are unable to pay higher rates or sustain the costly investments that are needed to boost services, the "digital divide" worsens.

Furthermore, the Federal government has abandoned its commitment to keep broadband customers free of interference in their internet usage by powerful regional monopolies. These corporations have no business interest in protecting network neutrality, improving speeds at reasonable rates and allowing competition among online services.

The City can and should play a role in improving the broadband marketplace for its residents and businesses. By using its ability to issue bonds and by pairing neighborhoods with high revenue generating potential and those with less potential, the city can build out a network that would offer a high-speed broadband service at cost, free of the overhead of private ventures in marketing, corporate structure and profit.

There is already an extensive network of City-owned fiber optic cable whose capacity is significantly underutilized. The City's control of power poles, light poles and the street right of way, combined with the significant plans for street reconstruction and maintenance, create a unique opportunity for the voters of the City of Los Angeles to consider creation of a City-operated broadband utility.



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WE THEREFORE MOVE that the City Council INSTRUCT the Chief Legislative Analyst and the City Administrative Officer to REPORT, with the assistance of the City Attorney and Information Technology Agency, on the feasibility, economics and legality of establishing a new City proprietary department whose mission would be to improve the network capabilities of the facilities of the City of Los Angeles, provide a community and economic development tool by providing at-cost internet services to businesses and residents in Los Angeles, and bridging the digital divide among neighborhoods lacking high-speed, low-latency services.

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