



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

FROM: City Manager

SUBJECT: Gateway Cities Regional Fiber Optic Network Project

MEETING DATE: August 12, 2025

RECOMMENDATION:

The City Council will consider:

1. Receiving and filing this report on the Gateway Cities Regional Fiber Optic Network Project; and
2. Authorizing the City Manager and/or his designee Public Works Director to forward the attached letter to the Gateway Cities Council of Governments (GCCOG) outlining the City's concerns and recommendations.

BACKGROUND:

The GCCOG is leading the development of the Gateway Cities Regional Fiber Optic Network (GCRFON). This \$104 Million project is funded through the state's Middle Mile Broadband Initiative and the federal Last Mile Broadband Infrastructure Grant Program. The GCRFON aims to expand broadband access, promote digital equity, and enhance connectivity for public agencies, residents, and businesses across the Gateway Cities region.

The project proposes to connect 23 cities, including the City of Commerce, to a high-speed fiber optic network with up to 100 Gbps upload/download speeds. As part of the initiative, GCCOG is requesting each participating city to approve a Right-of-Way Use Agreement (ROW Agreement), which would grant GCCOG access to install, operate, and maintain fiber optic infrastructure within the public right-of-way. A copy of the ROW Agreement with proposed revisions is attached for reference.

Within the City of Commerce, the proposed alignment includes approximately 5.4 Miles of underground installation along Slauson Avenue, Eastern Avenue, Commerce Way, and

Telegraph Road, as well as approximately 1 Mile of aerial installation along Gage Avenue. The installation is anticipated to take place within the existing public right-of-way, utilizing 288-count fiber optic cable which will act as main trunkline and upon installation will be leased to commercial carriers for providing broadband connections to the businesses and residents. Two dark fiber strands would be allocated to the City for its use.

ANALYSIS:

Staff has conducted a thorough review of the GCRFON plans and the associated Right-of-Way Use Agreement. While the City recognizes the potential benefits of regional broadband expansion, including support for municipal facilities, smart city applications, and expanded internet access, the staff also has significant reservations and concerns regarding the current proposal.

The proposed agreement requests that all permit fees associated with the installation, maintenance, and operation of the fiber optic infrastructure be waived in perpetuity, which is not financially or procedurally sustainable. Additionally, there is currently no master plan in place to govern the long-term use, maintenance, or oversight of the network. The staff is also concerned that the offer of two dark fiber strands is insufficient for the City needs, and that the financial burden of activating and using the fiber would fall solely on the City.

Moreover, the agreement places the responsibility on the City to bear the cost of relocating or removing GCRFON infrastructure due to any future right-of-way conflicts or public improvement projects. The proposal includes subsidized service rates for low-income households, which may be duplicative of existing California Public Utilities Commission (CPUC) requirements.

The staff also has concerns regarding the potential impact of the installation on local infrastructure, long-term maintenance responsibilities, lack of revenue sharing or franchise benefits, the financial burden of future undergrounding of aerial infrastructure, and possible conflicts with existing utilities.

In response, staff has drafted a letter to GCCOG (copy attached) that outlines these concerns and includes several recommendations for addressing them, including the incorporation of franchise and permitting fees, shifting financial responsibility for undergrounding and relocation to the Project owner, and providing more meaningful City access to and support for fiber utilization.

Staff recommend that the City Council receive and file the report on the GCRFON Project and authorize the City Manager and/or his designee Public Works Director to forward the

attached draft letter to GCCOG outlining the City's concerns and recommendations.

ALTERNATIVES:

1. Approve staff recommendation
2. Disapprove staff recommendation
3. Provide further direction to staff

FISCAL IMPACT:

There is no fiscal impact expected as a result of receiving and filing the report or forwarding the City's letter to the GCCOG.

RELATIONSHIP TO STRATEGIC GOALS:

This agenda item relates to the 2016 Strategic Plan, Community Quality of Life.

Guiding Principle 4:

Support and evaluate community services, programs and events that promote healthy and quality lifestyles for our residents. Enhance public safety and social services through innovative programs that meet the needs of the residential and business communities.

Recommended by: Shahid Abbas, Director of Public Works

Fiscal Impact reviewed: Alvaro Castellon, Director of Finance

Approved as to form by: Noel Tapia, City Attorney

Respectfully submitted by: Ernie Hernandez, City Manager

ATTACHMENTS:

1. Letter to the Gateway Cities Council of Governments
2. ROW Agreement
3. Presentation