



Department: Public Works
Cost Center: 9501
For Agenda of: 12/2/2025
Placement: Consent
Estimated Time: NA

FROM: Aaron Floyd, Public Works & Utilities Director
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SUBJECT: AUTHORIZATION TO ADVERTISE BROADBAND IMPLEMENTATION PROJECT - FFA, SPECIFICATION 2001063

RECOMMENDATION

1. Approve the [project plans](#) and [special provisions](#) for the Broadband Implementation Project – FFA (project), Specification 2001063; and
2. Authorize staff to advertise for bids; and
3. Authorize the City Manager to award the Construction Contract pursuant to Section 3.24.190 of the Municipal Code, if the lowest responsible bid is within the publicly disclosed funding amount of \$2,200,000; and
4. Authorize the City Engineer to approve Contract Change Orders up to the available project budget (Account 2001063), including any amendments authorized by the City Manager; and
5. Authorize the City Manager to execute pole lease agreements with PG&E and AT&T in a form approved by the City Attorney.

REPORT-IN-BRIEF

In April 2022, the City Council initiated efforts to expand broadband access and affordability in the City of San Luis Obispo, culminating in the adoption of the City's Broadband Plan in June 2023. To implement the plan, the City partnered with Astound Broadband and secured a \$4,863,799 grant from the California Public Utilities Commission's (CPUC) Last Mile Federal Funding Account (FFA) to construct the first phase of the City's broadband network.

The Broadband Implementation Project – FFA Phase will construct the initial portion of the City's broadband network, including new aerial fiber installations on existing utility poles and underground fiber through trenching and boring, serving unserved areas within San Luis Obispo. The main network, or "backbone," will be owned by the City, while Astound will provide the "last-mile" service connections—the final link that connects the City's broadband network directly to homes and businesses.

This report seeks Council authorization to advertise the project for construction bids and authorization for the City Manager to execute pole lease agreements with PG&E and AT&T to advance the project into construction within the CPUC's 24-month completion period.

POLICY CONTEXT

In April 2022, the City Council formed an ad-hoc committee to explore ways the City could improve access and affordability of broadband internet for residents and businesses. Based on the findings of that committee, in June 2022, Council allocated \$600,000 of State and Local Fiscal Recovery Funds to study the issue further and develop a broadband plan. In June 2023, the City Council adopted the City's [Broadband Plan](#).

The 2021-2023 Major City Goals included a specific task related to broadband:

- Economic Recovery, Resiliency, and Fiscal Sustainability task
 - 1.2b-5 – Review and establish policies as required to support broadband to the home to take advantage of the opportunities to work from home to support the Climate Action Plan and Quality of life.

The 2023-2025 Major City Goals include tasks related to broadband:

- Economic Recovery, Resiliency, and Fiscal Sustainability task
 - 1.2j – Represent the interests of the business community during the implementation of the broadband strategic plan.
- Diversity, Equity, and Inclusion task
 - 2.7a – Support the development and implementation of the Broadband Strategic Plan to ensure access is equitable and pursue funding to fill gaps.

The 2025-2027 Major City Goals call out specific tasks related to Broadband.

- Diversity, Equity, and Inclusion task
 - 1e – Complete the portion of the Broadband Plan funded through the Last Mile FFA.

DISCUSSION

Background

The City's [Broadband Plan](#) aims to bring affordable, equitable broadband access to all residents of the City of San Luis Obispo. Broadband refers to connecting residents to high-speed internet via fiber optic cables that enables reliable access to online services, education, healthcare, business opportunities, and communication. This will be achieved through a combination of new infrastructure and public-private partnerships that provide services through that network. As a part of adopting the Broadband Plan, City Council also authorized advertisement of a Request for Proposals (RFP) for design services to implement the conceptual network design.

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To fund the Broadband Implementation project, as directed by Council, City staff looked into the Last Mile FFA Grant from the CPUC. One of the grant requirements was partnering with a qualified operator experienced in broadband deployment to both households and businesses, enabling coverage of residential and commercial locations lacking adequate service. After sending out requests for proposals for the this partnership, the City selected Astound Broadband and executed a Public-Private Partnership (P3) on [June 18, 2024](#).

The project is expected to be completed within 24 months of approval as established by the terms of the grant with the CPUC that was approved on October 17, 2024. On [December 10, 2024](#), the City accepted a [Last Mile FFA Grant](#) in the amount of \$4,863,799 from the CPUC¹.

Design

The Broadband Implementation Project – FFA brings broadband access to various unserved areas throughout the City of San Luis Obispo. The design plans prepared by EN Engineering, the City's selected design consultant, include the installation of aerial fiber lines onto existing power poles as well as new underground fiber installed by horizontal drilling and open trenching.

Due to the scale of the Broadband network and funding provided through the CPUC grant, the project was separated into two phases: FFA Grant Funded phase and the Strategic Plan (SP) phase. The FFA Grant Funded phase will implement the portion of the Broadband Plan shown in Figure 1, installing new fiber to create the backbone for service to currently unserved areas. The larger SP phase, which is not part of the current project scope and not shown in Figure 1, would connect the remaining unserved areas within the City. Due to its scale and current funding constraints, the SP Phase is not included in the City's 10-Year CIP. However, staff will continue to seek grant opportunities to support implementation of the SP Phase in the future which has a current conceptual cost estimate of \$13 million.

¹ Despite the name, the Last Mile Federal Funding Account Grant is administered by the state (the California Public Utilities Commission). In accepting the grant in 2024, the City agreed to the state's requirements set forth in [CPUC Resolution T-17852](#).

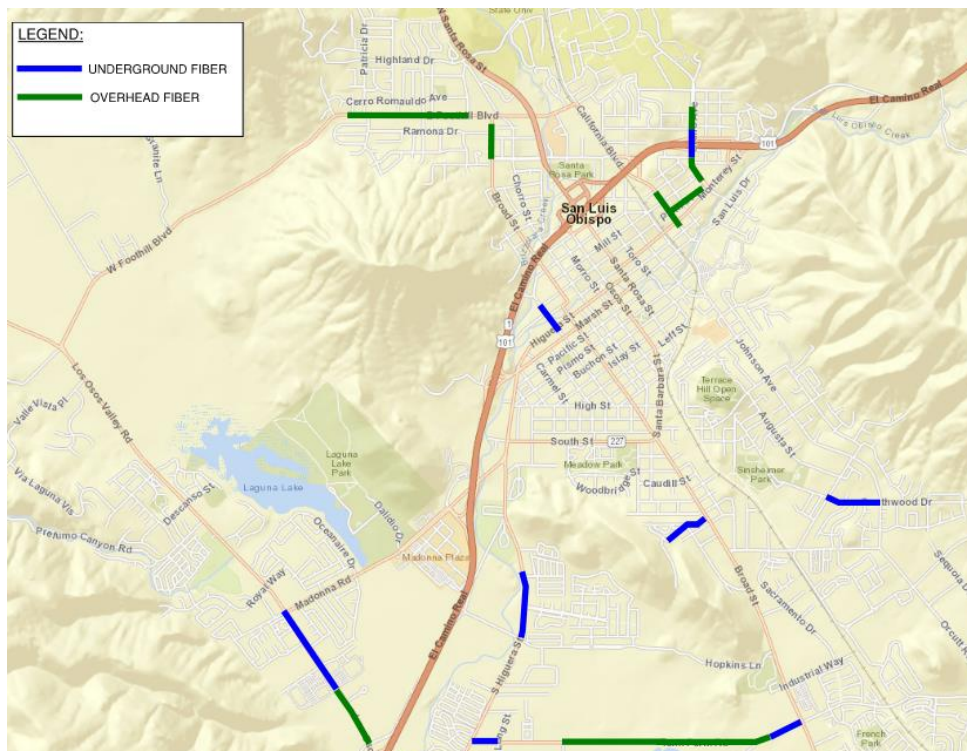


Figure 1 - FFA Project Location

From this backbone, Astound will provide service drops to residences and businesses that choose them as their network provider. All backbone infrastructure installed as part of the project will be owned by the City. Project plans show approximate locations of fiber and related infrastructure, as final alignment will depend on field conditions. The Contractor, with support from City staff and the City's on-call Construction Management consultant, will finalize the alignment in the field after verifying existing utilities and infrastructure. [Project Plans](#) and [Specifications](#) are provided for reference, showing the locations of the proposed fiber infrastructure.

Pole Lease Agreements

As part of this project, the City will need to attach fiber lines to poles owned by PG&E and AT&T—10 poles are PG&E-owned, 12 are AT&T-owned, and 67 are jointly owned. To do this, the City must enter into Pole Lease Agreements with both utilities to share a portion of their poles. The executed agreements will be in substantially the same forms as provided here: [PG&E](#) and [AT&T](#).

PG&E and AT&T, as regulated utilities under the CPUC, are required to provide access to their poles and have established Joint Pole Agreements to manage access. By entering the Pole Lease Agreements, the City will join these Joint Pole Agreements, which outline responsibilities for pole access, maintenance, and cost-sharing for pole replacements if needed. The City will pay the initial annual leasing fee, totaling approximately \$1,500 per year for all the poles, using the grant money. The annual fee is based off an individual charge of \$15.82 per pole per year for AT&T, \$25.90 per pole per year for PG&E owned poles, and \$15.82 per pole per year for Jointly owned poles. The subsequent annual pole fees are currently being negotiated to be paid by Astound through an amendment to the City's existing [Public, Private, Partnership \(P3\) Agreement](#). Staff will also be looking to transfer ownership of the installed infrastructure after 3 years of ownership to Astound through the same amendment as they will be operating the system.

Authorization for the City Manager to execute the Pole Lease Agreements is critical to the project schedule. These agreements must be executed before the City can award the construction contract to ensure the route of aerial lines is known to the City and contractor.

Temporary Pole Placement

As part of the Pole Lease Agreements, EN Engineering completed a pole loading analysis to confirm that the additional weight of City fiber lines would not overload existing poles or cause failure².

The analysis identified thirteen poles that are currently or will be in a failed condition as a result of this project. To address this, the City must either replace the poles or install temporary poles next to them. Temporary poles allow fiber installation to proceed without waiting for replacement, which could otherwise take months or years depending on the pole owner's availability and would jeopardize the grant timeline for project completion. The City will not be responsible for replacing poles that fail after attachments are made, provided the City's attachments did not cause the failure. In such cases, the pole replacement will be the responsibility of the attaching party that caused the failure or the pole owner.

Historically, the City has not allowed temporary poles due to the uncertain replacement timeframe. For this project, however, the City is working with Astound Broadband to amend the [Public, Private, Partnership \(P3\) Agreement](#). Under the amended agreement, Astound will remove the temporary poles when the failed poles have been replaced after project completion.

Previous Council or Advisory Body Action

[April 4, 2023](#) – City staff provided an update on Broadband Plan and City Council provided direction to complete a plan focused on a public-private partnership.

² This is important because, under the pole lease agreement with PG&E, the City will be liable for claims if its attachments cause loading on the pole to be out of conformance with applicable regulations.

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[June 20, 2023](#) - City Council adopted the Broadband Plan to facilitate work to improve broadband access and affordability within the City and authorized the release of an RFP for a Broadband Private Partner to work with the City to improve broadband access.

[June 18, 2024](#) – City Council authorized the City Manager to execute a Public-Private Partnership (P3) Agreement for Broadband Services between the City of San Luis Obispo and Astound Broadband, LLC.

[December 10, 2024](#) - City Council and the Mayor Accepted the Last Mile FFA Grant and authorized the appropriation of funding (\$4,863,799) to the Broadband Implementation Project account (2001063).

Public Engagement

This item is on the agenda for the December 2, 2025 City Council meeting and will follow all the required posting and notification. Public comment on the item can be provided to the City Council through written correspondence prior to the meeting and through public testimony at the meeting.

After project award, Public Works staff will conduct community outreach to present an overview of the project, answer questions, and discuss any potential impacts on the surrounding area. Leading into project construction commencement, staff will provide notification of upcoming construction and updates throughout construction.

CONCURRENCE

City Staff from the Public Works Department and Information Technology Division have worked collaboratively throughout the design and planning phases to ensure compliance with City Standards. In addition, City staff from the Public Works Department and City Attorney's office are in the process of reviewing the Pole Lease Agreements.

ENVIRONMENTAL REVIEW

The project consists of installation of aerial and underground fiber along with replacement of existing asphalt, sidewalk, curb and gutter in various locations throughout the City. A portion of the Project is located within a potentially archeologically sensitive zone and appropriate monitoring will be in place in the event any sensitive archeological resources are encountered during the project. The final scope and location of the Project is consistent with the previously adopted Initial Study/Mitigated Negative Declaration (IS/MND) [ER 10-07](#) that was approved by the City's Community Development Director on February 23, 2007 with the Notice of Determination filed with the County of San Luis Obispo, which addressed trenching and improvements within archeologically sensitive areas. Mitigation measures approved through IS/MND ER 10-07 are included in the Project's specifications and will be followed by the City's contractor, consistent with the requirements of the California Environmental Quality Act (CEQA).

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2024-25

Funding Identified: Yes

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$	\$	\$	\$
State (CPUC)	\$4,863,799	\$4,863,799	\$0	
Federal				
Fees				
Other:				
Total	\$4,863,799	\$	\$	\$

The project has a total available balance of \$4,863,799, which is fully funded through the CPUC grant. As the funding source is a dedicated grant, all available funds must be expended in support of the project. The City’s broadband partner, Astound Broadband, has also committed \$1,211,011 in matching funds to be used for service drops. There are no matching funds required from the City.

The total project cost includes both direct construction costs and soft costs, as detailed in the table below. Direct costs include construction and construction contingency, while soft costs include archeological monitoring, construction management, pole lease agreement fees, and other related expenses necessary for project completion.

Since the total grant provides sufficient funding to support a higher-than-normal contingency, City staff is recommending awarding this contract up to the Publicly Disclosed amount of \$2,200,000. This allows the City Manager to award a project with bids that potentially come in higher than the Engineer’s Estimate of \$1,800,000. With the project being the first Broadband project executed by the City, a larger contingency allows the City to complete the project within the available budget. This contingency allows the City to account for potential risks associated with horizontal drilling operations, including possible conflicts with existing utilities and unforeseen subsurface conditions. In accordance with CPUC grant requirements, funds are restricted to the approved FFA phase scope. Any grant funds not expended during construction will then be allocated to Astound to provide additional service drops. If after completion of the project, any unused grant funds remain, they will be returned to the CPUC.

Broadband Implementation Project, Specification No. 2001063		
	Broadband Implementation Project (2001063)	Project Total Costs
	Last Mile FFA Grant	
Publicly Disclosed Limit	\$2,200,000	\$2,200,000
Contingencies (30%)	\$625,960	\$625,960
<i>EN Engineering Permit Application Support</i>	\$20,000	\$20,000
<i>Construction Management</i>	\$400,000	\$400,000
<i>Materials Testing</i>	\$30,000	\$30,000
<i>Archeological Monitoring Plan and Services</i>	\$15,000	\$15,000
<i>Printing & Advertising</i>	\$2,500	\$2,500
<i>Pole Lease Agreement Fees</i>	\$150,000	\$150,000
<i>Service Drops to Unserved Locations (Astound)</i>	\$1,245,339	\$1,245,339
<i>Major Equipment (Astound)</i>	\$175,000	\$175,000
Total Cost of Project	\$4,863,799	\$4,863,799
<i>Total Available Funding</i>	\$4,863,799	\$4,863,799
Remaining Balance	\$0	\$0

ALTERNATIVES

1. **Council could decide not to authorize advertisement and award at this time:** This alternative would delay construction of the Broadband Implementation Project. Construction must be completed by October 17, 2026, per CPUC grant requirements and delays may result in the loss of grant funding.
2. **Council could decide not to authorize the City Manager to execute Pole Lease Agreements:** This alternative would delay construction as multiple updates to City Council may be required to finalize the agreement causing delays in pole attachments.