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COUNCIL OF THE CITY OF PHILADELPHIA

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JOINT COMMITTEES ON TECHNOLOGY & INFORMATION

4

SERVICES AND PUBLIC PROPERTY & PUBLIC WORKS

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City Hall, Room 400
Philadelphia, Pennsylvania
Friday, March 10, 2006
10:40 a.m.

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PRESENT:

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COUNCILMAN BRIAN J. O'NEILL, CHAIR
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN FRANK DICICCO
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN MICHAEL A. NUTTER
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN B. TASCO

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BILL 060160 - An ordinance for the purpose
of creating a citywide wireless broadband
Internet access system, to bridge the
digital divide, to increase the efficiency
and reduce costs of government and to
promote economic development and tourism, et
cetera

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COUNCILMAN O'NEILL: Let's get started. The quicker we get started, the quicker we will get out of here. It is so nice out. I think that's one of the reasons that we had trouble getting a quorum this morning.

I'm Councilman Brian O'Neill here with Councilman Darrell Clarke co-chairing this hearing of the Joint Committees of Technology & Information Services and Public Property & Public Works.

We do have a quorum, and I would like to introduce the Council members, many of whom are on both committees, that are here.

Councilman Marian Tasco is to my left, Councilwoman Donna Miller to my right, Councilman Clarke and then Councilwoman Blondell Reynolds Brown. Councilman DiCicco is here. We allow any Council members who are not on the committee to participate fully in this. And Councilman Michael Nutter is

1

2 here as well.

3

4 As council members arrive, I
5 will try to introduce them at the
6 appropriate time.

7

8 We would like to get started.
9 The first panel on our witness list,
10 fortunately, is already seated, and I
11 will just let them introduce themselves.

12

13 MS. NEFF: Thank you. Good
14 morning, Councilman O'Neill and
15 Councilman Clarke and the members of the
16 City Council. I'm Dianah Neff, the chief
17 information officer for the City.

18

19 I'm pleased today to testify on
20 behalf of the City Council Bill 060160
21 that will provide for the creation of
22 broadband wireless Internet access for
23 the City of Philadelphia.

24

25 I am accompanied today by Derek
26 Pew, the interim chief executive officer
27 of Wireless Philadelphia, and Don
28 Berryman, the president of EarthLink's
29 municipal wireless division.

30

31 How do you knit together a

1
2 rapidly diversifying city? Use invisible
3 thread. The question and answer are from
4 the National Geographic Traveler magazine
5 that was published in the fall of 2005
6 naming Philadelphia America's next great
7 city. The Wireless Philadelphia
8 initiative is that invisible thread. It
9 will help to unify this diverse city by
10 bringing state-of-the-art communications
11 and high-speed Internet access to all
12 residents and businesses of all income
13 levels and in all neighborhoods.

14 Two years ago at the request of
15 Mayor Street we began the Wireless
16 Philadelphia initiative to invest in the
17 future of our city and its residents.
18 The creation of a citywide wireless
19 broadband infrastructure will enable all
20 of our residents, and especially our
21 children, to take the fullest advantage
22 of the new digital society by making
23 Philadelphia the first major city and one
24 of the largest anywhere to turn itself
25 into a citywide wireless hotspot.

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I am happy to be here today to report that with the support of City Council we believe this can be accomplished within the next 12 to 18 months.

In outlining his vision for this effort, Mayor Street set forth several goals. He instructed the Wireless Philadelphia to provide a solution for affordable broadband wireless access in the entire city, that we should create a program that will help bridge the digital divide. This opportunity must be available to all of our residents regardless of their circumstances.

The initiative must support the Mayor's educational strategy. The long-term success of the city depends on harvesting the potential of its citizens, especially our youth.

To develop a partnership with the private industry to ensure that this new service is well-managed and does not

1
2 become obsolete as technology changes and
3 to find a way to build the network
4 without using taxpayer dollars.

5 Why is Wireless Philadelphia
6 important? Providing affordable
7 broadband Internet access citywide is
8 about more than technology. It's about
9 access and opportunity for all and about
10 the future of Philadelphia and its
11 citizens. Let me briefly describe the
12 reasons why the administration decided to
13 make this happen.

14 Wireless Philadelphia is an
15 important component of the City's effort
16 to educate our children. By connecting
17 homes with schools we will be assisting
18 in the important work of making sure all
19 of our children are prepared for the
20 future. It will enable all of our school
21 children to learn at home on-line after
22 school wherever they are in the city. It
23 will enable our parents to take an active
24 role in their education.

25 The Philadelphia School

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District, the Archdiocese, the private

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and charter schools have been early and

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strong supporters of this effort. We are

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well along in developing partnerships and

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programs that will take advantage of

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wireless access; for example, the School

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District's Family Net Program.

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Wireless Philadelphia will

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empower low-income families by providing

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affordable access to information and

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social services at home and on-line. It

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will begin to bridge the digital divide

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for low-income families through

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partnerships with organizations like the

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Norris Square Association, the Korean

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Community Development Organization,

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People's Emergency Center, Lutheran

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Children and Family Services, Tech Access

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PA, Nonprofit Technology Resources, and

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the Community Technology Centers, One

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Economy, and many more.

23

It will encourage college

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students to stay and start their

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professional lives in a city recognized

1
2 as a worldwide technology leader. Drexel
3 University is interested in exploring
4 being an Internet service provider for
5 its 18,000 students and professors that
6 have wireless access on the campus and
7 they want that access around the city.

8 The economic benefits are also
9 substantial. Wireless Philadelphia will
10 level the playing field for the city's
11 small businesses and work force. It will
12 ensure that economically disadvantaged
13 neighborhoods have affordable wireless
14 opportunities. It will give us the
15 needed economic advantage in those
16 neighborhoods.

17 Broadband availability will
18 help local businesses remain competitive,
19 operate more efficiently, and access
20 consumers rapidly. Smaller manufacturers
21 and retailers need access to high-speed
22 networks to work with their business
23 partners. Information businesses can
24 locate anywhere they want and they tend
25 to look for areas with educated work

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2 forces, advanced infrastructures, and
3 high quality of life. Knowledge workers
4 expect and require advanced
5 telecommunications support, and the
6 interest of other cities and countries in
7 adopting this as a new standard is
8 intense, and we cannot afford to be left
9 behind.

10 In fact, today we are very
11 honored to have representatives from the
12 City of Johannesburg, South Africa, with
13 us, and they have been looking at our
14 Wireless Philadelphia model, and I
15 believe intend to speak later.

16 Wireless Philadelphia will
17 enhance the experience of tourists and
18 business visitors. The City's increasing
19 dependence on hospitality sector requires
20 that we provide this level of service and
21 amenity. The City and Wireless
22 Philadelphia are working closely with
23 organizations like the Greater
24 Philadelphia Tourism Marketing Corp.,
25 Independence Visitor Center, the Greater

1
2 Philadelphia Cultural Alliance and Select
3 Greater Philadelphia to reach out to our
4 tourists and business visitors.

5 Finally, Wireless Philadelphia
6 will enable the City to deliver services
7 more efficiently and more
8 cost-effectively as field workers from
9 inspectors to social workers to assessors
10 to public safety workers can be deployed
11 with technology that connects them to the
12 information and databases that support
13 their daily jobs. And it will also
14 facilitate more on-line interaction with
15 our citizens as more City business can be
16 conducted on-line 24 hours a day, 7 days
17 a week.

18 Before discussing the specific
19 actions we are requesting Council to
20 take, let me briefly describe the major
21 elements of the proposal developed by the
22 administration, Wireless Philadelphia and
23 EarthLink.

24 When fully deployed in 12 to 18
25 months, Wireless Philadelphia will

1

2

provide wireless broadband Internet

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access to the entire city. Residents,

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visitors, businesses who wish to use the

5

system will be able to sign up with one

6

of at least three competitive Internet

7

service providers, who will provide them

8

with access to the wireless network at an

9

affordable monthly fee.

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The speed of the network access

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will be at least 20 times that of dial-up

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connection and comparable or faster than

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DSL connections. The typical user will

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pay about \$20 a month, and low-income

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users will pay \$9.95.

16

Unlike other forms of Internet

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access, users on the Wireless

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Philadelphia network will be able to

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access the Internet anywhere in the city,

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at home, at school, at work, or outdoors,

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all for the single monthly fee.

22

Wireless Internet access is not

23

intended to replace cable or DSL

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connections. Many users will continue to

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utilize these options for the service and

1
2 speed that they provide. The Wireless
3 Philadelphia network instead will service
4 residents, visitors, and businesses that
5 are not now connected to the Internet or
6 who use dial-up connections that do not
7 support the newer capabilities of the
8 Internet like streaming video and health
9 monitoring and other broadband uses.

10 In addition, Wireless
11 Philadelphia access will be freely
12 available in 22 public spaces around the
13 city. 12 identified free spaces include
14 the Benjamin Franklin Parkway area,
15 Independence Mall, FDR Park, Hunting Park
16 and the Cobbs Creek Environmental Center,
17 among others.

18 Additionally, Wireless
19 Philadelphia will work with each District
20 Councilperson to identify an appropriate
21 park or public space within the district
22 for free access.

23 In order to move forward with
24 this project, we are asking City Council
25 to approve the streetlight use agreement

1
2 between the City of Philadelphia and PAID
3 and the management and services agreement
4 between the City and Wireless
5 Philadelphia.

6 These two agreements along with
7 two other agreements to which the City is
8 not a party comprise the full
9 transaction. There is a streetlight use
10 agreement between PAID and EarthLink to
11 allow EarthLink to use the city
12 streetlights and there is a network
13 agreement between EarthLink and Wireless
14 Philadelphia that defines how the network
15 will be developed and operated and
16 provides for the Wireless Philadelphia a
17 revenue share.

18 Finally, while Don Berryman
19 will address the issue in his testimony,
20 let me emphasize that the City has been
21 clear with our partners that we intend
22 for the Wireless Philadelphia initiative
23 to advance the administration's goal for
24 disadvantaged business participation.
25 This project will have substantial

1
2 minority women and disabled
3 participation.

4 I would like to request at this
5 time that City Council consider
6 suspending rules and pass this bill on
7 its first reading.

8 This concludes my testimony.
9 Next Derek Pew will summarize the
10 Wireless Philadelphia transaction,
11 following which Don Berryman will
12 describe EarthLink's plan to design,
13 build, manage, and maintain the Wireless
14 Philadelphia network.

15 At the conclusion of their
16 testimonies, Derek, Don Berryman and
17 myself will be glad to answer any
18 questions that you might have.

19 MR. PEW: Good morning,
20 Councilman O'Neill, Councilman Clarke,
21 members of City Council. I'm Derek Pew.
22 I'm the interim chief executive officer
23 of Wireless Philadelphia.

24 Before I begin, I would like to
25 tell you all how glad we are to be here

1
2 at this point in this process. This has
3 been a labor of love, but a labor for
4 Wireless Philadelphia. It has been
5 roughly a nine-month process for most of
6 us involved with Wireless Philadelphia,
7 and I would like to acknowledge the
8 members of Wireless Philadelphia's board
9 of directors, if I can, who have donated
10 hundreds of hours of their time, energy,
11 and emotion to this project.

12 I looked around the room. I
13 think we have two here, Chairman Robert
14 Bright and Vice Chair Carol Baker. We
15 also have Tonya Evans-Walls, Leigh Wood,
16 De'Porres Brightful, and Chip Finney, who
17 aren't here.

18 I would also like to say that
19 as a private citizen who got pulled into
20 this project to make this work, it has
21 been an absolute pleasure to work with
22 various members of the administration,
23 Pedro Ramos, Romy Diaz, Clemina Tolson,
24 the entire legal staff that worked on
25 this process with me for Wireless

1
2 Philadelphia, Kevin Greenberg, Michael
3 Othay, and in particular our own
4 attorney, Stuart Rudoler, who I asked to
5 come here just in case there are
6 questions on the network agreement that
7 he can help me answer, and Tom Speranza.

8 Wireless Philadelphia is a
9 Pennsylvania nonprofit corporation that
10 was established by Mayor Street to plan
11 for and manage the creation of a
12 broadband wireless Internet access
13 infrastructure for Philadelphia.

14 As a result of the competitive
15 selection process last year, Wireless
16 Philadelphia has entered into an
17 agreement with EarthLink, Inc., a private
18 sector company, a for-profit company, and
19 we have created a unique public/private
20 partnership, pursuant to which EarthLink
21 will build, own, manage and maintain at
22 its cost a citywide wireless network.

23 EarthLink is a public company
24 with over 5 million Internet service
25 customers nationally. When the wireless

1
2 network is in place, EarthLink will
3 service its own retail customers and
4 resell access at wholesale rates to
5 third-party Internet service providers,
6 who will in turn market wireless access
7 to users in Philadelphia.

8 Therefore, we anticipate there
9 will be multiple service providers
10 providing competitive prices and various
11 services designed to appeal to specific
12 customer needs and desires.

13 With EarthLink taking the
14 economic and entrepreneurial risk of the
15 network, Wireless Philadelphia, using
16 revenue from EarthLink and funds raised
17 privately, will work towards the social
18 and municipal goals that drove the Mayor
19 to first propose this project that Dianah
20 outlined in her testimony.

21 In order to build the wireless
22 network, EarthLink will mount wireless
23 devices on approximately 4000 of our
24 city's 100,000 streetlights. EarthLink
25 will spend approximately \$22 million over

1
2 the next ten years to build and maintain
3 that network. The network will provide
4 one megabit per second upstream and
5 downstream capacity throughout the
6 service area and will include a
7 state-of-the-art, multilayered security
8 solution that Don will talk about later
9 to protect the privacy of users.

10 City Council is being asked to
11 approve an agreement between the City and
12 PAID for permission to use these
13 streetlights and a complementary
14 agreement between PAID and EarthLink that
15 will give EarthLink the right to use the
16 streetlights for an initial period of ten
17 years. In return, EarthLink will pay the
18 city about \$74 per streetlight per year
19 plus a whole series of in-kind
20 compensation in the form of free and
21 deeply discounted wireless accounts that
22 can be used at the option of the City.

23 The approximately \$74 per pole
24 per year is to be paid in two parts, a
25 nonrefundable payment of \$2 million to be

1
2 paid during the first two years of the
3 agreement, and a continuous payment
4 stream starting from the first day of the
5 project to the last day of the project of
6 \$24 per streetlight per year for every
7 year of the agreement.

8 The \$2 million payment will be
9 paid in accordance with the following
10 schedule: \$250,000 after City Council
11 approval. We are then going to install a
12 15 mile test, and at the end of that
13 test, after the end of completion and
14 acceptance of that test, we will receive
15 another \$750,000, and on the one-year
16 anniversary of that payment \$1 million.

17 That's not all that EarthLink
18 is going to give to the City. In
19 addition to paying the City to use the
20 streetlights, EarthLink has also agreed
21 to guarantee nondiscriminatory wholesale
22 access to the network for third-party
23 Internet providers. They have agreed to
24 reimburse the City \$300,000 for its
25 inspection costs associated with the

1
2 installation of wireless devices on
3 streetlights. They have agreed to
4 generally pay Wireless Philadelphia, the
5 nonprofit, a 5 percent of net access
6 revenue stream starting in the second
7 year of the project and continuing to the
8 tenth year. They have agreed to
9 guarantee a contractual rate of \$9.95 per
10 month for economically disadvantaged
11 users. And I would like to say that
12 Wireless Philadelphia is looking for ways
13 to subsidize that price and drive it even
14 lower. They have agreed to provide free
15 WiFi access in 22 parks and public spaces
16 around the city, provide 1250 free WiFi
17 accounts to the City for the City to use
18 at its discretion, an additional 1750
19 deeply discounted WiFi accounts to be
20 used entirely at the City's discretion.
21 They have agreed to provide 700
22 discounted data T-1s, again to be used
23 entirely at the City's discretion, and
24 they have agreed to provide an unlimited
25 number of WiFi accounts for City use at

1
2 the best wholesale rate available on the
3 network.

4 To protect Philadelphia and
5 Philadelphians, Wireless Philadelphia
6 will have a series of service-level
7 agreements with EarthLink designed to
8 maintain service levels across the city,
9 provide for the resolution of persistent
10 service problems, if there are any, and
11 address community concerns when and if
12 they arise. These terms are in the
13 network agreement which Stuart and I
14 worked on between Wireless Philadelphia
15 and EarthLink that has been provided to
16 you.

17 In addition, Wireless
18 Philadelphia has entered into a
19 management and services agreement with
20 the City that is designed to ensure that
21 Wireless Philadelphia actively and
22 efficiently dedicates itself to the
23 social and municipal goals that Wireless
24 Philadelphia was created to address.

25 In return, to help fund these

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programs in the first two years of the project all of the \$2 million prepayment received from EarthLink during the first two years will be transferred to Wireless Philadelphia under this agreement after receipt of each portion of that payment from the city.

We are asking City Council to approve the management and services agreement, which is Exhibit B to the bill that has been presented before you.

Wireless Philadelphia has absorbed the cost of bringing this opportunity to the city. To pay for those costs, Wireless Philadelphia has borrowed \$1.45 million PIDC in the form of economic stimulus loans, which are to be repaid by Wireless Philadelphia over the first four years of the project.

Using the funds received under the management and services agreement, funds received from EarthLink, and what all of us at Wireless Philadelphia hope is a much, much larger amount of money,

1
2 which is funds received from the public
3 and private charitable sources, Wireless
4 Philadelphia intends to build awareness
5 of digital inclusion programs, develop
6 and provide training programs, and ensure
7 access to affordable computers.

8 Our goals include providing
9 10,000 free and additionally discounted
10 computers to low-income households of
11 school-age children, helping community
12 groups supporting at-risk populations to
13 gain Internet access for medical,
14 clinical, and social service information
15 from their homes, working with
16 single-parent families to teach them how
17 to use Internet access to help with
18 day-to-day problems like a sick child or
19 infirm relative, providing training to
20 teach people how to use computers and
21 Internet access to advance themselves,
22 and giving small businesses a more equal
23 playing field when using the Internet to
24 sell or support their products and
25 services. It's a long list.

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Wireless Philadelphia will not do this alone. We have and we will continue to work with community neighborhood organizations and schools to enhance and improve the effectiveness of the existing programs and to help those groups develop new programs and to take advantage of this new infrastructure.

Finally, Wireless Philadelphia will work with City government to find ways to reduce costs and increase the efficiency and efficacy of municipal services, work to find ways to improve the experience of tourists and other visitors that come to the city and make Philadelphia an even more attractive place to live and build a business.

Before I close, I would like to stress the international visibility that this project is giving Philadelphia. I have to say that I'm just stunned by what the rest of the world -- the perception of Philadelphia to the rest of the world.

While we receive numerous phone

1
2 calls from cities around the world --
3 Dianah talked about the City of
4 Johannesburg that is here today. Just
5 this week I was contacted by a
6 spokesperson from Roma Wireless in Italy
7 requesting that Wireless Philadelphia and
8 Roma Wireless cooperate with each other
9 as sister programs in sharing information
10 about the networks that they were and are
11 managing in our respective cities, as
12 they view Philadelphia as their model.
13 And next Wednesday when they go back
14 their press release about what they have
15 already achieved in their city, they want
16 to point to us as being their successful
17 partner.

18 This concludes my testimony. I
19 would be pleased to respond to questions
20 upon the completion of the testimony by
21 Don Berryman, president of EarthLink's
22 municipal wireless division, and here is
23 Don.

24 MR. BERRYMAN: Thank you,
25 Derek.

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Good morning, Councilman

3

O'Neill and Councilman Clarke and members

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of the City Council. I'm Don Berryman,

5

president of EarthLink's municipal

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wireless division. It's a pleasure to be

7

here today to discuss our agreements to

8

deliver a broadband wireless Internet

9

access infrastructure for the City of

10

Philadelphia.

11

Before I begin, let me first

12

thank the co-sponsors, Councilwoman

13

Reynolds Brown and Councilman DiCicco,

14

for introducing this bill.

15

Also, I would like to introduce

16

a very important member of EarthLink's

17

team that joins me here today, our

18

general manager for Philadelphia, Clifton

19

Roscoe. Clifton comes to Philadelphia

20

from EarthLink's major projects group in

21

Atlanta and will be responsible for the

22

day-to-day management of the network here

23

in Philadelphia.

24

Let me first tell you a little

25

bit about EarthLink and then some details

1
2 about our plans here in Philadelphia.

3 EarthLink is a public company
4 headquartered in Atlanta, Georgia. We
5 are the nation's largest independent
6 Internet service provider. We are proud
7 to provide Internet access to more than
8 5.3 million customers throughout the
9 country including more than a 145,000
10 Pennsylvanians.

11 You have already heard from
12 Dianah Neff and Derek Pew on some of the
13 details of what EarthLink will provide to
14 both the City and Wireless Philadelphia.

15 As you know, EarthLink will
16 bear all of the risk of the cost and the
17 network with no need or guaranty to use
18 public funds. We do not take this risk
19 lightly. We have spent almost five years
20 researching broadband delivery and
21 alternative methods of providing
22 cost-effective, high-speed broadband
23 technology. We have invested in many
24 wireless and broadband over-power-line
25 technologies and believe that WiFi

1
2 technology solution offers municipal
3 customers the highest level of service at
4 the lowest cost with the highest degree
5 of success.

6 We would not be here today if
7 we didn't believe in the solution, the
8 business model, and our ability to
9 deliver for the City of Philadelphia. We
10 not only believe in our solution, we
11 strongly believe and support the
12 fundamental reasons this project is
13 necessary, to help bridge the digital
14 divide, while at the same time providing
15 a foundation to change the way consumers,
16 businesses, and government employees live
17 and work.

18 This public/private partnership
19 we are forming with the City and Wireless
20 Philadelphia is the beginning of our
21 commitment to this community where we
22 respect the need to become a good
23 corporate citizen, continue to invest in
24 the community over the course of the
25 agreement, and to continue the efforts of

1
2 Wireless Philadelphia and the City to
3 make this a showcase that others can
4 emulate.

5 EarthLink understands the
6 importance of this project to the
7 residents of the City of Philadelphia and
8 we intend to provide the highest quality
9 network possible. Our business model
10 and, frankly, our contract with Wireless
11 Philadelphia require technical
12 performance that will satisfy
13 Philadelphia citizens. It is for this
14 reason that we will initially install
15 only a 15 square mile test area that will
16 have to be approved by Wireless
17 Philadelphia upon City authorization
18 before we move forward.

19 Similar approvals are required
20 along the path of development and we are
21 contractually bound to certain
22 performance levels on network coverage,
23 speed, roaming, availability, repair
24 times, maintenance, and customer support
25 responsiveness. These levels must be met

1
2 across the city.

3 Another of the many
4 contributions of our commitment to the
5 City is that of the use of disadvantaged
6 businesses in our services and ongoing
7 operations of the network. Under these
8 agreements EarthLink and its key
9 subcontractors will be obligated to meet
10 or strive to exceed the following
11 participation ranges: Minority-owned
12 business enterprises, 20 to 25 percent;
13 women-owned business enterprises, 5 to 10
14 percent; and disabled owned business
15 enterprises, 0 to 1.5 percent.

16 Of the \$12 million in services
17 estimated to be spent over the ten-year
18 contract, the disadvantaged business
19 participation share is estimated
20 currently at over \$5.5 million.

21 EarthLink is committed to
22 ensuring compliance with these
23 contractual obligations. To date for the
24 Wireless Philadelphia project, well over
25 50 percent of the subcontractor invoices

1
2 thus far have been from MBEs or WBEs.
3 Two of these completed purchase
4 agreements are with MBEs. The only
5 full-time contract employee is from an
6 MBE vendor. EarthLink and its key
7 hardware supplier continue to utilize the
8 MBEC vendor database to seek and assess
9 potential project vendors.

10 We believe that benefits gained
11 by these minority and women-owned
12 companies will expand well beyond the
13 project with skills and experience gained
14 that will be in demand for the cities
15 that are waiting for Philadelphia
16 experience to come into their town. Many
17 surrounding cities and counties have
18 already inquired about bringing the
19 Wireless Philadelphia model into their
20 area. We believe these companies will be
21 well positioned to compete in this new
22 growth business of deploying WiFi and
23 wireless networks up and down the entire
24 East Coast.

25 EarthLink also strives to

1
2 provide the highest level of security to
3 all users of the network. EarthLink will
4 provide all users a free security
5 application that will ensure the highest
6 level of data security for wireless
7 connections called the gold standard by
8 an industry security rating service. A
9 good customer experience is good business
10 and we will relentlessly pursue the best
11 possible experience on this network.

12 To summarize, in addition to
13 its payment and other obligations under
14 the streetlight use agreements, here is
15 what EarthLink will deliver: Affordable
16 high-speed mobile wireless Internet
17 access, open access to third-party
18 Internet service providers, reciprocal
19 roaming capabilities for hotspot
20 companies, free access in designated City
21 parks and public places, daily and weekly
22 rates for visitors and occasional users,
23 guaranteed network upgrades on an ongoing
24 basis, future products over the wireless
25 network that will allow for more

1
2 effective services and improve security
3 for the City of Philadelphia.

4 This agreement catapults
5 Philadelphia into a worldwide leadership
6 position in technology and will enable
7 the City to meet the needs of their
8 residents as well as enhance the visitor
9 tourism business climate of this great
10 city.

11 This concludes my testimony. I
12 will be pleased to respond to any
13 questions the council members might have.

14 COUNCILMAN O'NEILL: Thank you.

15 I just would like to introduce
16 to the witnesses Councilman Frank Rizzo,
17 who joined us at the beginning, and he is
18 now here on the panel.

19 Before asking any questions, I
20 would like to really commend publicly
21 Dianah Neff and her team for the vision
22 they have set forth here. Hopefully, we
23 can come to some positive conclusion on
24 this, not today, but in the near future,
25 but I know that nationally we're being

1
2 looked at with envy, jealousy, can't wait
3 for it to happen so they can get it to we
4 hope it fails because we are never going
5 to try this and we don't want to be shown
6 up by Philadelphia.

7 But it is truly a potential
8 model for how we can make broadband work
9 for everyone, so I just want to say at
10 the outset that this is one of the most
11 positive things that I have seen from the
12 City in a long time.

13 Before the RFP for wireless was
14 issued, Wireless Philadelphia issued a
15 business plan -- this is going way back
16 -- that set forth five different models
17 under which citywide wireless services
18 could be provided. That business plan
19 concluded that the nonprofit and
20 cooperative wholesale models ranked
21 highest and that the private consortium
22 model ranked low.

23 Is the model now before us a
24 private consortium model? And, if so,
25 how does the proposal before us overcome

1
2 the disadvantages identified by Wireless
3 Philadelphia in its business plan?

4 MS. NEFF: The five different
5 models that we looked at, the one that we
6 settled on is a combination. A pure
7 private consortium model does not have
8 the social goals that we had set forth.
9 You know, a company, a private company,
10 could come in, work with the City to get
11 and lease the poles, but there would be
12 no commitment to the digital inclusion
13 programs that you see with Wireless
14 Philadelphia to the schools, to our small
15 business minority participation.

16 So we think that what we have
17 done is to create a new model that hasn't
18 been used out there. The models that
19 were in the business plan were those that
20 we had been able to find smaller
21 communities using around the country and
22 that through the issuance of a request
23 for proposal -- we wrote the RFP so that
24 we could get alternate proposals on how
25 to do this, and we received twelve

1
2 proposals. Eight of those were quality
3 ones that we moved forward, and three of
4 those eight included alternate proposals
5 like EarthLink's where they offered to
6 take the financial risk of building this
7 network and still honoring our goals as a
8 city for overcoming the digital divide,
9 economic development into our underserved
10 neighborhoods.

11 So we believe we have taken the
12 best of both the private model and the
13 nonprofit wholesale model and eliminated
14 the financial risk.

15 COUNCILMAN O'NEILL: Thank you.

16 How is the plan before Council
17 any different than the cable franchise
18 agreements approved by Council in the
19 1980's? It appears that in effect the
20 City is giving EarthLink a franchise to
21 use City rights-of-way to operate a
22 wireless system. If that is correct, was
23 any thought given to seeking proposals
24 from other companies that might wish to
25 bid on such a franchise? Without such

1
2 proposals, how do we know that the City
3 is being paid a fair price for the
4 valuable rights to the City's
5 rights-of-way?

6 MS. NEFF: Romy Diaz can
7 respond to the cable issue.

8 MR. DIAZ: Romulo L. Diaz, Jr.,
9 City Solicitor.

10 First of all, the agreement
11 specifically provides that in the event
12 there is to be cable or other
13 cable-related products offered, that
14 franchises will be required and that the
15 agreements will not cover that.

16 But the competitive process
17 that was previously outlined and I think
18 you also suggested in your question
19 provided both Wireless Philadelphia and
20 the City of Philadelphia an opportunity
21 to evaluate what we believe to be the
22 true value of the services being offered
23 by the City.

24 Beyond that, as part of the
25 negotiation process, we wanted to make

1
2 sure that we had a nondiscriminatory
3 approach that we could apply with regard
4 to the value of services to any
5 subsequent entity that might want to have
6 access to those streetlight attachments.
7 So from the City's perspective, we
8 believe that we have provided for both a
9 fair value for the services being
10 provided and one that can be provided in
11 the future on a nondiscriminatory basis
12 to other competitors.

13 COUNCILMAN O'NEILL: Thank you.

14 Under the City/Wireless
15 Philadelphia agreement, Wireless
16 Philadelphia is required to submit an
17 annual budget to the City and the City
18 may request meetings with Wireless
19 Philadelphia to discuss the budget.

20 Wireless Philadelphia is also
21 required to report each year on how it
22 spends the money, but it appears that
23 neither City Council nor any other City
24 agency has any power to approve or
25 disapprove the budget. Is that correct?

1

2 And, if so, what controls are there as to
3 how Wireless Philadelphia will spend the
4 money that the City must give to Wireless
5 Philadelphia.

6 MR. PEW: I'm going to send
7 this question to Dianah in a second, but
8 from Wireless Philadelphia's perspective,
9 since we are a private citizen, our
10 management agreement is with the City.
11 So we don't view the divergence between
12 City Council and the administration that
13 we now understand is an internal
14 political issue with the City.

15 So we do report back to the
16 City, and I want to pass on to Dianah to
17 let her respond as to how that
18 information gets distributed.

19 MS. NEFF: Correct. Wireless
20 Philadelphia is a nonprofit organization
21 set up to administer through the
22 agreement with the City that we are
23 asking City Council to approve. As an
24 independent entity, we coordinate with
25 the City, but it has a board of directors

1
2 that oversees the budget and the spending
3 of those funds to meet the goals that
4 have been set out in the management
5 agreement.

6 COUNCILMAN O'NEILL: Do you
7 have any problem with the City approving
8 your budget?

9 MS. NEFF: The solicitor was
10 right in that we are also very willing
11 and open to coordinate with
12 administration on the goals that the City
13 has in these areas and plan to
14 coordinate. The City does have the CIO
15 position as an ex officio board member to
16 oversee that as well.

17 COUNCILMAN O'NEILL: Do you see
18 a problem -- I didn't hear an answer, but
19 do you see a problem with the City
20 approving your budget?

21 MS. NEFF: I believe that we
22 would have to check to see if there is
23 any issue with our standing as a
24 501(c)(3) organization.

25 COUNCILMAN O'NEILL: Okay.

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2 Thank you.

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Section 1.6 of the Wireless Philadelphia/EarthLink agreement details the responsibility of the parties for electricity costs. To call these provisions complicated does not do them justice. They appear to say that while EarthLink pays for electricity in the first two years, Wireless Philadelphia must fully reimburse EarthLink for those costs over the remaining term of the agreement.

Also, it appears to say that after the first two years Wireless Philadelphia is responsible for electricity costs so long as they do not exceed one-half of the revenues that EarthLink will pay to Wireless Philadelphia.

Is that a fair summary of the provisions? If so, why should the City pay a portion of EarthLink's electricity bills?

MR. DIAZ: Romulo L. Diaz, Jr.,

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2 City Solicitor.

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Let me be clear, Councilman O'Neill. The City is not paying for these electricity charges. The agreements are very clear that the cost of the electricity is to be borne by Wireless Philadelphia, a freestanding, independent, soon to be 501(c)(3) nonprofit already incorporated under Pennsylvania law.

The arrangement as between Wireless Philadelphia and EarthLink fully covers any payment requirements. The City is not a party to any of those payments, does not intend to take any financial risk associated with the electricity costs.

MR. PEW: I apologize for the musical chairs.

I can actually shed some light because we are involved in these negotiations from Wireless Philadelphia's perspective.

Obviously this is an economic

1
2 transaction between us and a for-profit
3 company. The cost of the electricity,
4 the agreement with PECO is something that
5 was not settled at the time of the
6 contract, and this is just a risk
7 assessment under a contract between two
8 entities entering into a commercial
9 contract. What we made sure in Wireless
10 Philadelphia was that no matter what we
11 wouldn't be put in a position where we
12 actually did not have revenue
13 from EarthLink to pay and, in fact, that
14 we would have excess revenue.

15 So I think the easiest way, the
16 nonlegal way, to think about the
17 electricity arrangement between Wireless
18 Philadelphia and EarthLink is that
19 Wireless Philadelphia will be responsible
20 for the cost of electricity going forward
21 for the next ten years under the
22 agreement, but it will never cost
23 Wireless Philadelphia more than half of
24 its revenue share of EarthLink. And to
25 the extent that the cost of electricity

1
2 is more than that, EarthLink will pick up
3 that cost.

4 In the first two years, because
5 we are a startup organization, we really
6 can't afford to be spending the money on
7 electricity. EarthLink has agreed to pay
8 for those costs in the first two years so
9 we won't have that burden and we can
10 spend the money that we have on our
11 social programs because coming out of the
12 door that is going to be the most
13 important thing that we do.

14 So that is the complexity part
15 of that agreement, but it is really just
16 a risk in economic sharing that was part
17 of the risk in economic sharing of the
18 rest of the transaction that you would
19 have with any public for-profit entity.

20 COUNCILMAN O'NEILL: Are you
21 still talking to PECO trying to pin down
22 the costs?

23 MR. PEW: I'm not.

24 COUNCILMAN O'NEILL: Is
25 someone?

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MS. NEFF: Yes, we are. The City is in discussions as well, but Wireless Philadelphia is continuing to meet with PECO, as is EarthLink, on coming up with a rate. This is a new technology. Their structure doesn't know how to treat us, so there are a couple of options. We don't qualify for the City's use of rate on the streetlight use, yet we are not a customer, but they want to treat each pole as a customer and set it up as a separate billing.

So we are trying to come up with a new structure that works in this environment, and that takes some time. And we are working, both EarthLink, Wireless Philadelphia, and in the City assisting us as needed.

MR. DIAZ: If I could just amplify on that answer.

I have been directly in contact with PECO with regard to this issue. The discussions so far have indicated that PECO understands the desire to address

1
2 this in a way that works both for the
3 company and for the residents of the City
4 with regard to the Wireless Philadelphia
5 initiative. Everything I've heard to
6 date has been supportive. I think we can
7 work out a resolution that will be in the
8 best interest of all the parties, but,
9 again, clearly the agreement before City
10 Council for approval make it clear the
11 City bears no financial risk with regard
12 to the electricity costs.

13 COUNCILMAN O'NEILL: Thank you.

14 Concerns have been expressed as
15 to whether these agreements fully protect
16 the City from spending any money now or
17 in the future for the wireless system. I
18 would like to ask -- and it's a good
19 thing you're here, Romy. I would like to
20 did the City Solicitor to please put on
21 the record a statement as to what
22 potential liability, if any, the City is
23 incurring under these agreements, how
24 much will this deal cost the taxpayers at
25 least and in the worst case what is the

1
2 most that the taxpayers will be asked to
3 pay?

4 MR. DIAZ: We believe, first of
5 all, that the City does not bear
6 financial or entrepreneurial risk with
7 regard to this initiative or the
8 construction of the network in
9 particular. One of the clear objectives
10 from the get-go has been that taxpayers
11 will not be on the hook with regard to
12 the construction, management and
13 maintenance of the network. That clearly
14 has been assumed by the private partner,
15 EarthLink.

16 We have looked and I have been
17 involved very much in the negotiation of
18 the agreements that were described
19 earlier, and I believe that we have put
20 all possible protections for the City
21 with regard to liabilities, and so from
22 our perspective, for example, EarthLink
23 is responsible for injury or damage
24 caused by its equipment including the
25 installation. EarthLink must indemnify,

1
2 defend and hold harmless the City and
3 PAID as the conduit for damages arising
4 out of its work or its subcontractors.
5 It must have insurance that fully covers,
6 but in the end it is fully responsible
7 for any of these personal injuries,
8 property damages, or so-called
9 proprietary right injuries that might
10 potentially occur. And those limits
11 are -- I should say they are without
12 limit even though there are insurance
13 coverages that are substantial within the
14 agreements.

15 COUNCILMAN O'NEILL: So we
16 don't have any liability as far as you
17 are concerned, the City that is?

18 MR. DIAZ: With regard to the
19 network installation, operation, et
20 cetera, that is absolutely correct.

21 COUNCILMAN O'NEILL: Do you see
22 any liability outside of those things you
23 just mentioned?

24 MR. DIAZ: I mean one could
25 conceive of some very speculative

1
2 City-caused damages where the City
3 potentially might be on the hook, but we
4 are not talking about I believe in the
5 terms of your question those kinds of
6 unusual, speculative situations but one
7 directly related to the installation of
8 this network, its management and
9 operation going forward.

10 COUNCILMAN O'NEILL: The
11 Wireless Philadelphia/EarthLink agreement
12 permits the parties to terminate the
13 agreement if Council does not approve the
14 ordinance before adjourning for the
15 summer recess. Other than that deadline,
16 is there any particular time constraint
17 for Council's consideration of the
18 ordinance?

19 MS. NEFF: Well, the ability to
20 move forward with the programs to address
21 the digital divide, the working with the
22 school are contingent upon building the
23 network and receiving funding. So the
24 impetus to move forward is to allow us to
25 get those programs, and the revenue

1
2 stream is generated from the building and
3 the running of the network, so we are
4 unable to move forward with our programs
5 without this approval.

6 MR. PEW: I also want to say
7 from Wireless Philadelphia's perspective
8 obviously the sooner this moves forward
9 the better because a significant portion
10 of the funding that we are looking for
11 the City is from private foundations and
12 other public charities and that is sort
13 of subsumed in the catalyst of this
14 network being built, so to the extent
15 that we are delayed in building the
16 network, it just delays conversations we
17 have already been having for relatively
18 significant amounts of money that would
19 not have otherwise been spent in our
20 neighborhoods but for the building of the
21 network.

22 So from our perspective at
23 Wireless Philadelphia, the sooner the
24 better because it lets us get to the
25 business of raising money.

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COUNCILMAN O'NEILL: You have until the end of the summer recess, but the sooner the better makes a lot of sense for everybody.

MS. NEFF: Yes. Not only that, we have pilot neighborhoods that were done where companies came in and agreed to sponsor Olney, Norris Square, Historic Square Mile, Ben Franklin Parkway for one year. That expires in April. We are talking to them to extend that. They will not extend it very far because the majority of those are not the winners of this contract. And so it would obviously be a shame to turn off those networks, but we do not have the funding to continue to support them until we build out Wireless Philadelphia.

COUNCILMAN O'NEILL: Okay.

Councilwoman Donna Reed Miller has asked, since she has to leave soon, to ask a few questions before then. I will turn over the mike to her.

COUNCILWOMAN MILLER: Thank

1

2 you, Mr. Chair.

3 Good morning.

4 MS. NEFF: Good morning.

5 COUNCILWOMAN MILLER: It is

6 indeed a pleasure for the citizens of

7 Philadelphia to have the opportunity to

8 experience another dimension of the

9 digital divide.

10 I have some questions here that

11 I would like to ask. Some are for

12 EarthLink.

13 On providing this \$9.95

14 service, how long will this last? Is

15 this locked in, or is this one of those

16 sign up for the first year at \$9.95 and

17 then in future years it changes?

18 MR. BERRYMAN: I'll answer that

19 question. It's contractually -- we are

20 contractually obligated for the life of

21 the agreement to honor that \$9.95 rate.

22 COUNCILMAN MILLER: Very good.

23 MR. PEW: If I could also add,

24 from Wireless Philadelphia's perspective,

25 a number of the private foundations we

1
2 talked to are actually talking about
3 subsidizing that rate farther, so \$9.95
4 is the contractual maximum that I think
5 we are going to be seeing for digital
6 divide customers in Philadelphia.

7 COUNCILWOMAN MILLER: Because
8 Derek Pew's testimony says, "Therefore,
9 we anticipate that there will be multiple
10 service providers providing competitive
11 prices and various services designed to
12 appeal to specific customer needs and
13 desires." And I kind of understand that,
14 but can you expand on that a little bit?

15 MR. PEW: Sure. The network
16 that EarthLink is building is an open
17 access network, which means that if you
18 are a community Internet service
19 provider -- Drexel University is a
20 relatively large community, but you could
21 pick other communities of interest. At a
22 wholesale rate they will be able to buy
23 the ability to offer service on the
24 network, and if you are a customer of,
25 say, Drexel University, you wouldn't know

1
2 that you are a customer of EarthLink.
3 You would think of yourself as a customer
4 of Drexel University on the Internet, and
5 whatever services they viewed as
6 important for their customer base, their
7 students or you could pick any
8 organization around the City that would
9 be interested in being an Internet
10 service provider on the network, they
11 will craft service offerings for their
12 customers that are specific to their
13 customers' needs. And they will be
14 competing for access rates with everybody
15 else in the network, so they will add --
16 the market will drive the rates to be
17 competitive.

18 COUNCILWOMAN MILLER: So that
19 basically refers to people who have a
20 particular target population, but for the
21 general public the EarthLink rates will
22 remain the same, correct?

23 MR. PEW: For the general
24 public you will have two possibilities.
25 One will be an EarthLink direct product,

1
2 and EarthLink will set the prices for
3 that retail product as they see fit, and
4 then there will be other major Internet
5 service providers I just want to say like
6 because I haven't been involved in any
7 negotiations, but like America On-line or
8 like Microsoft Network or those kinds of
9 entities.

10 And to the extent that's who
11 you want to deal with and they happen to
12 be a wholesale provider on the network,
13 you will be able to contract directly
14 with them for service and not with
15 EarthLink.

16 It is also conceivable -- what
17 we placed in this agreement from Wireless
18 Philadelphia's perspective is the ability
19 for Wireless Philadelphia itself to be a
20 wholesale provider under the network.
21 And so if we believe that rates have
22 gotten too high in the market, we can
23 actually step in and under the agreement
24 we don't need any technological know-how
25 ourselves. We can go out and find

1
2 someone to completely offer all of those
3 services on our behalf in our name. So
4 that's our way of attempting to make sure
5 that pricing also stays reasonable across
6 the entire market.

7 COUNCILWOMAN MILLER: Will you
8 have some type of community outreach
9 program? Will you set up an advisory
10 board? Many of the companies -- well, we
11 don't have a lot of companies providing
12 service here, but we do have community
13 advisory boards.

14 MS. NEFF: Community outreach
15 is a big portion of what Wireless
16 Philadelphia, the nonprofit, is about.
17 Our program for digital inclusion
18 includes using the nonprofit
19 organizations that exist today. Many of
20 them you are going to hear in the
21 testimony about how this is important to
22 them.

23 We believe firmly that we need
24 to work -- and our pilots have shown that
25 by working in the community with

1
2 community organizations is how you get
3 people connected. They need the trust,
4 the people they know in the networks. We
5 are talking with community technology
6 centers, with the community development
7 corporations in those neighborhoods with
8 companies that refurbish computers that
9 are set up to do training. Wireless
10 Philadelphia will have a small staff, and
11 our outreach and success will be based on
12 our partnerships with those community
13 organizations.

14 COUNCILWOMAN MILLER: And where
15 do you plan to start? I think in
16 someone's testimony they make reference
17 to doing a pilot. And where would that
18 be geographically here in the City, or
19 have you decided that yet?

20 MR. BERRYMAN: There is a 15
21 square mile area in the City that
22 reaches from, I believe, the western side
23 of the City out. It includes a little
24 bit of Temple. I'm not sure what the
25 street boundaries are.

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MS. NEFF: It starts at Race, goes north between like the Delaware River towards Kensington area on the north end side. So it's kind of east of Broad and over towards the Delaware and from Race up to Kensington is the 15 square miles.

That area was selected because what we are doing in the 15 square mile concept is to test all the technical capabilities of the network. So we wanted to have a cross-section of the different building types, the topography of the land, industrial areas, park areas. That is the best microcosm that allows us to ensure that EarthLink can do everything they say they can do in the network.

COUNCILWOMAN MILLER: And will EarthLink or will the Philadelphia Wireless set up a customer service center? I mean where will customers call if they are having problems? How will that be set up, or where, who. I guess

1
2 the question is who.

3 MR. BERRYMAN: I can handle that
4 question.

5 It's up to the individual
6 service providers that are on the network
7 to handle customer service. So if you
8 are an EarthLink subscriber, you would
9 call EarthLink, who already has customer
10 support organizations in place to serve
11 our 5 million customers. If you are an
12 AOL-like provider, you would call that
13 provider. If you are a local ISP already
14 serving customers and joining on this
15 network, you would call their service for
16 customer service.

17 MS. NEFF: Then Wireless
18 Philadelphia is also there to oversee and
19 support if there are community concerns
20 that are not being met by the ISPs.

21 COUNCILWOMAN MILLER: So then
22 they are accountable to Wireless
23 Philadelphia; is that what you're saying?

24 MS. NEFF: That is correct,
25 through our network contract and

1
2 agreement.

3 COUNCILWOMAN MILLER: I guess
4 part of this for me is that I probably
5 need a course, a technical course, on
6 what all of this means and how it all
7 fits together. I'm not totally clueless;
8 however, I am not a technical person and
9 I just use the service, and when I have a
10 problem, I call my daughter or I call our
11 technical people here in City Council.

12 Thank you. Thank you.

13 COUNCILMAN O'NEILL: If another
14 company asks the City for rights to place
15 wireless devices on City facilities,
16 would the City be required to grant such
17 rights, and, if so, under what
18 conditions? Does the EarthLink agreement
19 set a floor or ceiling or both for such
20 future agreements?

21 MR. DIAZ: The City is not
22 required to grant anyone the ability to
23 use its streetlights and attachments.
24 But what we have provided in the series
25 of agreements is a nondiscriminatory

1
2 approach, given some hundred thousand
3 streetlights available for placement of
4 these attachments, so that there should
5 be plenty of opportunity for additional
6 competitors to Wireless Philadelphia to
7 attach a device to one of the
8 streetlights not being utilized for this
9 purpose.

10 We are talking about a maximum
11 of 5000 streetlights out of the
12 approximate hundred thousand, so we are
13 talking about a very significant number
14 that would be available. But one of the
15 overarching concerns that we have had
16 throughout the negotiation is to make
17 sure that there was nondiscriminatory
18 access to all Internet service providers
19 who desired access to the streetlights.

20 But as with EarthLink,
21 potential competitors in the future would
22 have to seek and receive a right-of-way
23 license from the City, would have to
24 receive, upon application, a construction
25 permit and comply with all of the types

1
2 of permits and licenses that people doing
3 business in the City of Philadelphia
4 would do, which is why I said we would
5 not be required to, but we certainly have
6 the resources to make streetlights
7 available to others.

8 COUNCILMAN O'NEILL: And the
9 costs would be subject to whatever
10 negotiation occurred at that time, or is
11 it kind of within the parameter of what
12 the cost is here?

13 MR. DIAZ: Because of the
14 Federal Telecommunications Act's
15 requirements that we address this in a
16 nondiscriminatory way, a very critical
17 element of the negotiation was to achieve
18 what we thought was a fair and
19 compensable level of fees for access to
20 the streetlights.

21 We believe that the \$74 is an
22 appropriate level for such access, and
23 that's the reason it has been built into
24 this agreement as it has been.

25 COUNCILMAN O'NEILL: While we

1
2 are --

3 COUNCILMAN CLARKE: Is it 74 or
4 24? I heard \$74 and I heard \$24.

5 MR. DIAZ: We have used the \$74
6 figure as all-inclusive because built
7 into the \$2 million calculation is the
8 expectation that that would provide for
9 \$50 a streetlight. The \$24 a year
10 streetlight rental payment is in addition
11 to that, so together the two figures --
12 we have been using 74 as an all-inclusive
13 price, but you're right, Councilman
14 Clarke, \$24 was alluded to in the
15 testimony, but implicit in the \$2 million
16 payments that have been described
17 previously is a \$50 rate for each of
18 those streetlights.

19 COUNCILMAN O'NEILL: I assume
20 no one brought one of the wireless
21 devices with them today?

22 MS. NEFF: There.

23 COUNCILMAN O'NEILL: That's the
24 size of it?

25 MR. BERRYMAN: Yes.

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COUNCILMAN O'NEILL: Same

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color? I mean is that pretty standard?

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MR. BERRYMAN: Yeah, it weighs

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about 13 pounds. It's the box with the

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two antennas coming out. That's what

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will be on top of the streetlight. They

8

exist now in Love Park, if you drive by

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there.

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COUNCILMAN O'NEILL: Okay.

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Thank you.

12

The City will receive 1250 WiFi

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accounts free of charge. In addition,

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the City will receive 750 accounts at a

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price not to exceed \$4 a month. The

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formula for calculating the exact price

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is a little confusing. It appears to

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suggest that the more the City is able to

19

negotiate electricity savings for

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EarthLink, the more the City must pay for

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the additional 750 -- 1750 accounts. Is

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that correct?

23

And I quote from the agreement.

24

If the City and/or Wireless Philadelphia

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negotiate savings from PECO on

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2 electricity to power the communications
3 equipment and the electricity costs
4 falling below \$400,000 per year, then the
5 City will pay a price per account
6 calculated according to the following
7 formula: Monthly fee per account equals
8 .5 times annual savings. That is the
9 difference between 400,000 and the lower
10 price negotiated, 12 by 1750.

11 MS. NEFF: We just wanted to
12 test your math skills.

13 COUNCILMAN O'NEILL: I have
14 been back around going around on this
15 thing, but I don't think that was your
16 intent, or maybe you know what's in the
17 document, but I wanted to raise the
18 question.

19 MR. PEW: I think that that
20 clause is a good example of how long this
21 negotiation process was for all of us
22 because, again, this goes back to the
23 economics of the transaction, and where
24 we agreed to take on the cost, "we,"
25 Wireless Philadelphia agreed to take on

1
2 the costs, of electricity at a cap level,
3 we had also been offered these accounts.
4 And part of our quid pro quo for taking
5 that electricity was, well, gee, if we
6 get a better deal on that electricity,
7 then okay, we will give you the \$4, but
8 if we are not able to get as good a deal,
9 we want a better benefit to the City
10 because it was part of the grander
11 negotiation of all the economic terms of
12 the deal.

13 So you are going to find a
14 handful of things that I'm happy to
15 explain in the agreement, but these were
16 long negotiation sessions over three
17 months on a lot of complicated issues,
18 and you get some funky clauses like that.

19 COUNCILMAN O'NEILL: But it
20 won't be costing us any more the more
21 successful we are?

22 MS. NEFF: That's correct.

23 COUNCILMAN O'NEILL: Okay.

24 Great.

25 The City/Wireless Philadelphia

1
2 agreement may be terminated by the City
3 at any time after four years without any
4 liability to the City.

5 If the City does exercise the
6 right to terminate that agreement after
7 four years, what are the implications of
8 such a termination? Who would then
9 oversee EarthLink's performance of its
10 obligations, and what would then happen
11 to EarthLink's revenue-sharing payments
12 to Wireless Philadelphia?

13 MR. PEW: I think I have to
14 start at the beginning of this
15 transaction in order to get to the answer
16 to that question, and I'm going to pass
17 it on to Don after I start.

18 When we made the affirmative
19 determination that it was in the best
20 interest of this City to have a
21 for-profit entity take on the risk of
22 building this network on their own dime,
23 then we were going to essentially lease
24 assets of the City to them at a fair, if
25 not even a high-end-of-fair price, and

1
2 ask them to provide a lot of other
3 benefits to the City.

4 At the point in time of that
5 determination, the success of the
6 EarthLink model became EarthLink's issue.
7 And that's part of the trade-off of us
8 having picked a public/private
9 partnership instead of raising 15 to \$20
10 million at taxpayer cost to build a
11 network that we were entirely in control
12 of ourselves from the get-go.

13 So I wanted to just pass on to
14 Don and Romy. They can talk to you a
15 little bit more about it, but I wanted to
16 give you some sense of where our
17 negotiating stance started in the
18 beginning. It was better for the City
19 not to be on the hook at all in the
20 beginning and let an entrepreneurial
21 entity take the entire risk. This is how
22 this negotiation ends.

23 COUNCILMAN O'NEILL: I would
24 say this whole negotiation evolved in the
25 bid process in the right direction for

1
2 the City and its taxpayers. I don't
3 think there is any question about that.

4 The only criticism I ever heard
5 of the plan, when it was a business plan,
6 was that Dianah Neff might know
7 technology but she doesn't know business
8 and this is going to blow up in the
9 City's face because we will never be able
10 to pay off the bonds and all that.

11 And nobody is willing to quite
12 say she is a genius yet on the business
13 side, but she certainly has reduced our
14 costs considerably if they are zero.

15 So, Romy, go ahead.

16 MR. DIAZ: Thank you,
17 Councilman.

18 I just wanted to clarify one
19 point. I think the four year out issue
20 is related to the management and service
21 agreement between the City and Wireless
22 Philadelphia, the nonprofit. The
23 agreement with regard to the use of the
24 streetlights that Derek alluded to a
25 moment ago are covered by the ten-year

1
2 lease with the two five-year options for
3 a total period of potentially 20 years
4 under these agreements. So we are not
5 talking about a four year out. PAID, as
6 a conduit, allows us to give the business
7 certainty to EarthLink for the
8 substantial investments to be made in the
9 network.

10 COUNCILMAN O'NEILL: So can the
11 City/Wireless Philadelphia agreement be
12 terminated after four years under the
13 agreement?

14 MR. DIAZ: That is now my
15 understanding, Councilman, yes.

16 COUNCILMAN O'NEILL: That is
17 not your understanding?

18 MR. DIAZ: That is my
19 understanding. We have the same
20 understanding, sir.

21 MS. NEFF: At that point the
22 City could chose to have somebody else
23 monitor that agreement at the end of the
24 four years?

25 MR. DIAZ: Yes.

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COUNCILMAN O'NEILL: Could the City step in itself to replace Wireless Philadelphia at that point, or could it also have another nonprofit in its place? Is that an option?

MR. DIAZ: There are many options potentially, but I think going back to sort of the basic principles of this transaction, from the get-go it was apparent to the City that a nonprofit entity distinct from the City would be an appropriate vehicle for achieving the socioeconomic goals of the Wireless Philadelphia initiative. It provided protections to the City and its taxpayers. We thought that was appropriate.

And we also believed that there was a need for accountability, which is why the future plan for the coming year, the reporting responsibility with regard to the prior year, important decisions requiring the City's sign-off such as the acceptance of the 15 square mile pilot,

1
2 all those important decisions are to be
3 made by Wireless Philadelphia in
4 consultation and with the approval of the
5 City of Philadelphia.

6 So we believe that we built in
7 a network of sufficient protections for
8 the City's interest, to assure the
9 accountability of the nonprofit, at the
10 same time protecting the City by having
11 an independent nonprofit carrying out the
12 socioeconomic mission.

13 COUNCILMAN O'NEILL: But in
14 reality this is a top legacy issue for
15 the Mayor, no question about it I think,
16 and the next Mayor comes in, as often
17 happens, wasn't that Mayor's initiative,
18 can't deny it is working, it's doing
19 well, but Wireless Philadelphia wasn't
20 their idea. If they had problems with
21 Wireless Philadelphia for whatever reason
22 and want to change it and say I would
23 like this inhouse, do the payments from
24 EarthLink, the revenue sharing with
25 Wireless Philadelphia, if there were no

1
2 nonprofit, would the revenue sharing be
3 with the City directly?

4 MR. DIAZ: The arrangement for
5 the revenue sharing is between Wireless
6 Philadelphia and EarthLink. I would have
7 to provide for the record --

8 COUNCILMAN O'NEILL: I'm just
9 wondering if there is no Wireless
10 Philadelphia in four years, for whatever
11 reason the next Mayor might decide, and
12 there were no nonprofit to stand in its
13 place, what happens to the revenue
14 sharing? And maybe you can get back to
15 us at a future hearing.

16 MR. DIAZ: That's exactly what
17 I was going to suggest, Councilman. I
18 would like to provide for the record that
19 response based upon the success of rights
20 that have been written into the
21 agreements.

22 COUNCILMAN O'NEILL: Okay.

23 Will every resident in the city
24 be able to receive wireless signals from
25 EarthLink's system? What assurance is

1
2 EarthLink providing us as to the quality
3 of its system, and what remedies will
4 there be if the quality of the system is
5 unacceptable?

6 MR. BERRYMAN: That's one of
7 the reasons, Councilman, that we are
8 doing the 15 square mile test, proof of
9 concept area. It is our intent and the
10 intent in the RFP to cover about 90
11 percent to 95 percent of the outdoor
12 areas throughout the 135 square mile area
13 and something near that for indoor
14 coverage as well.

15 Until we get into the City and
16 actually look at in our 15 square mile
17 area exactly the penetration and what the
18 design is going to be to penetrate some
19 of the buildings -- it will be and it has
20 been know that it will cover from the
21 streetlight down, so it will cover about
22 three stories initially down across the
23 City. So in buildings that are taller
24 than three stories, that will be a
25 secondary phase of development of the

1
2 network.

3 COUNCILMAN O'NEILL: I believe
4 that outside of any of the three thick
5 agreements that we have right now in
6 front of us, that the best protection we
7 have as a city is your corporate name and
8 your corporate reputation going forward
9 because you have more at stake in this in
10 a sense than we do. We are pretty well
11 insulated. We have a great plan, but if
12 you want to take this through the state,
13 through the country, internationally,
14 this is the incubator that people are
15 going to look at. And I think that is
16 something that is outside the documents
17 and maybe the most important piece of it.

18 My vice-chair, Councilwoman
19 Reynolds Brown?

20 I'll come back later with some
21 more questions.

22 COUNCILWOMAN BROWN: Thank you,
23 Mr. Chairman.

24 Let me first start out by
25 underscoring comments by Chairman O'Neill

1
2 with regards to the magnitude of this
3 model and how we have to prove the
4 naysayers wrong, that Philadelphia can
5 get it right and get it right the first
6 time at the door.

7 So your team of diverse
8 professionals, with the operative word on
9 diverse, is appreciated, Dianah Neff.

10 MS. NEFF: Thank you.

11 COUNCILWOMAN BROWN: I made it
12 real clear a couples weeks ago that my
13 interest is very narrow, principally in
14 two areas, how this is going to bridge
15 the digital divide and specifics about
16 the sentence on Page 4 of your testimony,
17 the substantial minority women and
18 disabled participation.

19 So before we look to the 5.5
20 million and before we get details on the
21 current 50 percent, I'm first interested
22 in the institutional commitment of
23 EarthLink around MBE/WBE participation.
24 Give us a glimpse of what that is as we
25 speak today.

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MR. BERRYMAN: In terms of this
project?

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COUNCILWOMAN BROWN: No;
EarthLink's institutional commitment to
MBE/WBE period, separate from this
project.

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MR. BERRYMAN: As a company
headquartered in Atlanta, Georgia, we do
do a great deal. We were mainly, before
we got involved in municipal networks, a
consumer-based company, so most of our
sales and purchases are through the
consumer division, but we do care a great
deal about being a corporate citizen in
the City of Atlanta. We contributed to
what is called Tech High in the center
city, made a substantial investment over
the past seven years to Tech High in the
development of skill sets for inner-city
kids to learn both computers and
technology. And EarthLink was the main
contributor to that program in the center
city of Atlanta.

25

In terms of our commitment to

1
2 the MBE purchases and disadvantaged
3 groups that I outlined here, I think the
4 5.5 million that you quoted is a
5 beginning point. We're committed to the
6 percentages that I read in the 20 to 25
7 percent. I think it equals on the high
8 end about 36 percent, on the low end
9 about 30 percent, and to date we have
10 reached agreements with MBEC-certified
11 companies here in Philadelphia to over
12 \$5.5 million out of the approximately \$22
13 million that we intend to spend over the
14 ten-year period.

15 So we think that's a starting
16 point, but we will live up to the
17 agreements that we agreed to in this
18 contract of the percentages to those
19 minority and disadvantaged companies.

20 COUNCILWOMAN BROWN: Could you
21 please provide a list of those companies
22 that currently fit or meet the MBE/WBE
23 requirements to the Chair --

24 MR. BERRYMAN: We'd be happy
25 to.

1

2

COUNCILWOMAN BROWN: -- those

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that you are currently conducting

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business with?

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MR. BERRYMAN: Sure.

6

COUNCILWOMAN BROWN: Can you

7

give us a dollar figure on what High Tech

8

or Tech High --

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MR. BERRYMAN: Tech High.

10

COUNCILWOMAN BROWN: Tech High.

11

MR. BERRYMAN: It was well over

12

a million dollars over the five-year

13

commitment, probably -- I can give you

14

exactly how much we committed to that.

15

COUNCILWOMAN BROWN: Submit

16

that to the Chair.

17

MR. BERRYMAN: Sure.

18

COUNCILWOMAN BROWN: Might you

19

have a brochure or written material that

20

speaks to EarthLink's MBE/WBE

21

participation currently?

22

MR. BERRYMAN: Yes, we do, from

23

the corporation.

24

COUNCILWOMAN BROWN: If you

25

could please submit that to the Chair.

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2

MR. BERRYMAN: I sure will.

3

4

COUNCILMAN RIZZO: Point of
information.

5

COUNCILWOMAN BROWN: Please.

6

7

COUNCILMAN RIZZO: What
interaction have you had already with our
MBEC office?

8

9

MR. BERRYMAN: We're meeting --
first of all, we got the database from
the City of MBEC-certified companies.
Our general manager, Clifton Roscoe, has
been meeting with the leaders of MBEC to
make sure we are working with the right
companies in this area.

15

16

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COUNCILMAN RIZZO: So that
process has already started?

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MR. BERRYMAN: Yes. We have
already contracted with some -- to do the
original services that we have had in
this area where we built out a couple of
square mile areas, doing some of the site
surveys, we have already contracted --
the single company that we have done
business with so far is an MBE company.

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COUNCILMAN RIZZO: Thank you.

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MS. NEFF: Also, from the beginning, even with the issuance of the request for proposal, we worked with the MBEC office to determine the percentages that were required in the RFP for companies to meet when they submitted their proposals, so they have been involved with this project since 2004.

COUNCILMAN RIZZO: Thank you very much.

COUNCILWOMAN BROWN: What would be the process, procedure, and/or policies for three areas, implementations, monitoring, and then accountability on the back end, once this is in place? Is there a written plan?

MR. BERRYMAN: For what area?

COUNCILWOMAN BROWN: The implementation of all MBE/WBE activity, the monitoring -- and this is based on our own experience here in the City of what happens with regards to verbal words that are spoken and then what actually

1
2 comes to reality -- and then, most
3 importantly, accountability in adherence
4 to the commitment that is stated
5 publicly.

6 MR. BERRYMAN: We have not seen
7 an adherence plan yet. Obviously,
8 according to the agreement that we
9 signed, we are committed to those
10 percentages in our contracts here, and so
11 we obviously will meet them. I haven't
12 seen an adherence plan yet that we would
13 have to live up to.

14 COUNCILWOMAN BROWN: Is this
15 something to be ultimately in writing
16 that speaks to what the commitment is?

17 MS. NEFF: Right. EarthLink is
18 required to submit reports, once we get
19 the network built out, on a monthly basis
20 and then also annual reports, and as a
21 part of that reporting will be the
22 request they be a part of the monitoring
23 of this commitment.

24 COUNCILWOMAN BROWN: Submit
25 reports to whom?

1

2

MS. NEFF: Wireless

3

Philadelphia.

4

COUNCILWOMAN BROWN: So again

5

to my question, who -- in the plan will

6

there be discussion and steps, procedural

7

steps, on how both the monitoring and

8

accountability will be addressed?

9

MR. DIAZ: Councilwoman, if I

10

might respond.

11

The administration has been

12

very clear from the beginning of this

13

initiative that achieving the

14

administration's goals with regard to

15

disadvantaged businesses, minority, women

16

owned and disabled businesses was a value

17

that was important and needed to be

18

addressed.

19

I think I talked earlier in

20

response to a question about the ability

21

to look forward in connection with

22

Wireless Philadelphia plans and to report

23

on progress as a key element of

24

accountability as to all of these

25

achievements with regard to

1
2 MBEC-certified contractors.

3 We are not in direct privity
4 from a contracting perspective. The City
5 is not contracting directly with
6 EarthLink. But we have established a
7 series of relationships and reporting
8 mechanisms so that we can monitor; that
9 is, the City, the City can monitor and
10 can assure accountability with regard to
11 these requirements which were laid on, as
12 Dianah Neff indicated, in the original
13 RFP which have been added to as standard
14 conditions with regard to the City and
15 PAID agreement and a part of the PAID to
16 EarthLink agreement with regard to the
17 streetlights, and it is clearly a part of
18 the network agreement between Wireless
19 Philadelphia and EarthLink.

20 So we believe that we have
21 built a series of mechanisms that will
22 allow us to assure that there is not only
23 ongoing monitoring and reporting but also
24 accountability with regard to the actual
25 results, because I think we all share the

1
2 concern that we not put something down on
3 paper only to find out a year or two or
4 three down the road once all of these
5 decisions and dollars have been made and
6 spent, that we haven't gotten the results
7 that we are looking for, so we intend on
8 the City's behalf to be a very active
9 partner in this process.

10 COUNCILWOMAN BROWN: If I could
11 add to that, what we also don't want is
12 what we have seen with the stadiums.
13 There was serious commitment, both
14 written and verbal, with regards to
15 MBE/WBE participation to the stadiums,
16 another unprecedented monument for the
17 City, and 24 months later Council members
18 were approached by a subcontractor where
19 they were in a circumstance where what
20 was discussed verbally and put on paper
21 in black and white was not being honored.
22 So we don't want that kind of deja vu
23 experience.

24 MR. DIAZ: I can assure you,
25 Councilwoman, that we agree, and that

1
2 message has been delivered very directly
3 and consistently to our EarthLink
4 partners, and I'm sure that Mr. Berryman
5 may want to address it as well. But that
6 message has been delivered on our behalf
7 by the City and certainly it is being
8 delivered today in this hearing.

9 COUNCILWOMAN BROWN: Okay.
10 Is there a plan in process to
11 integrate training and/or apprenticeship
12 opportunities with the building and
13 operational aspects of this project?

14 MS. NEFF: Councilwoman, I
15 believe you are asking as a part of the
16 buildout of EarthLink?

17 COUNCILWOMAN BROWN: Yes.

18 MR. BERRYMAN: Yes, there is.
19 In the search for companies to do the
20 work that we outline, there is three
21 major areas in the implementation that we
22 will be looking for. That will be in
23 field implementation, the actual work
24 that's done as we roll out this network;
25 the pole installation, which is probably

1
2 the largest single contract that we will
3 have; and then the site acquisition.
4 That's much smaller but very important.

5 We looked for companies that
6 had that experience, did that work in
7 this area, but we will be working with
8 them specifically with our technology
9 that you see over there in the attachment
10 of those so that the skill that they will
11 learn with us here can be exported to
12 other cities and other counties, as we
13 have gotten all of these requests, as I
14 testified to earlier.

15 So there will be training based
16 specifically on doing the work that we
17 need done throughout the implementation.

18 COUNCILWOMAN BROWN: Is there a
19 written plan as to how that will be
20 approached, conducted, and executed?

21 And I will say for the record I
22 haven't had an opportunity to read the
23 document and it may very well be in the
24 document that we just became aware of
25 late yesterday. So if it is in the plan,

1
2 that's a great thing, but if it is not in
3 the plan, then we need to know will there
4 be a written plan as to those particular
5 items?

6 MR. BERRYMAN: Yes; that will
7 be in our implementation plan and I will
8 be happy to submit that as well to the
9 Chair.

10 COUNCILMAN O'NEILL:
11 Councilwoman, are you finished?

12 COUNCILWOMAN BROWN: Two more.

13 COUNCILMAN RIZZO: I'm sorry.
14 I thought you were finished.

15 COUNCILWOMAN BROWN: Not a
16 problem.

17 Let's move to the estimated 5.5
18 million or 46 percent.

19 My colleague -- I just went
20 brain dead, so let me move back to the
21 other area, what is happening with young
22 people.

23 I have to collect my thoughts
24 because my colleague just threw me off
25 track. I will speak with Councilman

1
2 Frank Rizzo later. Councilman Rizzo?

3 COUNCILMAN O'NEILL:
4 Councilwoman Tasco is ready to roll.

5 COUNCILWOMAN TASCO: Good
6 afternoon.

7 I just have a few questions
8 about who will install the equipment
9 on -- who will install the poles and then
10 who will install the equipment on the
11 poles, or is the equipment installed on
12 the poles before they are installed?

13 MR. BERRYMAN: Let me try to
14 answer that question, and please let me
15 know if I answer it correctly for how you
16 intended it.

17 The equipment is fully
18 operational as it exists right there in
19 that box. So once it's installed and it
20 is plugged into the light pole, it is
21 ready to go. So the only installation
22 would be the pole attachment company that
23 actually has a bucket truck that goes up
24 the 30 feet, attaches it with the
25 brackets on the end of the streetlight,

1
2 and then plugs it in. That's the full
3 installation.

4 COUNCILWOMAN TASC0: Who is the
5 company that will do that?

6 MR. BERRYMAN: We will have
7 multiple companies. The first company
8 that we have looked at and are
9 contracting with today to do our test
10 model will be the same company that does
11 the 15 square mile area, which is a local
12 MBE-certified company, a subcontractor of
13 ours.

14 COUNCILWOMAN TASC0: What labor
15 union is attached to that company?

16 MR. BERRYMAN: I can't speak
17 specifically for that company, but in our
18 agreement we have to pay prevailing wages
19 in the City, and so obviously we'll live
20 up to our obligations under the contract
21 to pay prevailing wages, and any
22 subcontractor we hire would have to do
23 the same thing.

24 COUNCILWOMAN TASC0: Besides
25 the prevailing wage, what requirements

1
2 from the unions would -- what requirement
3 would there be from the labor union that
4 covers this installation that the
5 employees be labor members, union
6 members?

7 MR. BERRYMAN: There isn't an
8 obligation in the contract to hire the
9 union subcontractors. There is to pay
10 prevailing wages. If that company has
11 union employees, then that's fine with
12 us.

13 COUNCILWOMAN TASC0: Have you
14 ever worked in Philadelphia before?

15 MR. BERRYMAN: Yes, I have.

16 COUNCILWOMAN TASC0: We had the
17 agreement with another project in the
18 city called NTI. And the agreement was
19 to hire neighborhood people to work on
20 the project in the neighborhoods just on
21 demolition work, and we ran into a
22 problem with a company from outside of
23 the city who did not of course, as the
24 Councilwoman said here, and agreed on
25 paper that we were going to get all of

1
2 this stuff for people in the
3 neighborhoods. We had to protest to get
4 the company, one, to hire five people and
5 even five people from the labor union.

6 So I think that in your effort
7 to provide -- to meet your minority
8 goals, someone on the City side should
9 give you some background information and
10 educate you about doing business in
11 Philadelphia and the ability to include
12 meeting your minority goals. That's all
13 I want to say about that.

14 It seems that you do -- I was
15 going to ask you what is your staff
16 profile of EarthLink. How many employees
17 do you have, what's the diversity mix,
18 not only -- I'm talking about women and
19 minorities and that kind of thing.

20 MR. BERRYMAN: EarthLink as a
21 corporation has around 2000 employees.
22 They are scattered throughout the United
23 States. Almost half of those employees
24 or about half are women and a little over
25 a third are minorities.

1

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COUNCILWOMAN TASC0: And how

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are they in the strata? Are they all

4

down below the glass ceiling or some

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above the glass ceiling?

6

MR. BERRYMAN: If you mean in

7

the glass ceiling our CEO --

8

COUNCILWOMAN TASC0: CEO, top

9

management, where are they? Are they

10

there?

11

MR. BERRYMAN: Yes; we have

12

both minorities and women in top

13

management. The CEO is a male, white

14

male, but from the people that report to

15

the CEO down, we have representatives

16

from almost each minority class. We

17

would be happy to provide that for the

18

record if you like.

19

COUNCILWOMAN TASC0: That would

20

be helpful if you would provide that to

21

the Chair.

22

Will you, Mr. Roscoe, be the

23

local person on site? Who will be in

24

Philadelphia from your company to oversee

25

this project?

1

2

MR. ROSCOE: It will be a

3

combination of me and my counterpart with

4

Motorola. So Motorola is one of our

5

primary subcontractors, and the two of us

6

will have responsibility for making sure

7

that the network is built out properly.

8

COUNCILWOMAN TASC0: And that's

9

it? Are you going to hire any other

10

people?

11

MR. ROSCOE: In Philadelphia?

12

COUNCILWOMAN TASC0: In

13

Philadelphia.

14

MR. ROSCOE: We are working

15

with a series of subcontractors who our

16

subcontractors will be using

17

Philadelphia-based people.

18

COUNCILWOMAN TASC0: Let's go

19

to your service. You talk about

20

providing a service at \$9.99 to lower

21

class families, or I guess lower income

22

families.

23

MR. BERRYMAN: Correct.

24

COUNCILWOMAN TASC0: How do you

25

determine low income and who will monitor

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2 that?

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MR. PEW: Management of the digital divide program is Wireless Philadelphia's responsibility. The initial criteria to determine people that qualify we are modeling after the Federal Communication Commission's Lifeline Program. The Pennsylvania PUC has also adopted it in Pennsylvania.

It is essentially a two-part test. The one part is -- for us will be 130 percent of federal poverty level. The other half is whether or not you participate in a handful of different federal assistance programs including things like housing assistance, food stamps, the national lunch program for schools. And there is a process for handling applications that has been used in Pennsylvania for essentially the exact same targets that we are placing for probably about seven years now, and that will be what we use as our means of determining satisfaction participation in

1
2 the digital inclusion program.

3 COUNCILWOMAN TASC0: How much
4 staff do you have?

5 MR. PEW: Today?

6 COUNCILWOMAN TASC0: Well,
7 today and how large do you expect your
8 staff to become in the future?

9 MR. PEW: Today our staff has
10 been kept at the bare bones minimum to
11 reduce costs to the City. So we
12 essentially have a follow volunteer board
13 of directors that has donated their time
14 to the City, an administrative assistant,
15 a couple of consultants. Obviously we
16 have a legal team that works with us, and
17 me, and that's it today.

18 If City Council moves forward
19 and approves this contract, we have
20 already in place both budgetary review
21 and at the board level board discussions
22 and conversations about staffing levels
23 will be required based on things like the
24 number of applications we would expect to
25 see.

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We are also assembling additional boards, a community advisory board, a general advisory board for philanthropic work. We have an audit committee and there are going to be a lot of volunteer opportunities too at Wireless Philadelphia.

COUNCILWOMAN TASC0: You said a lot of stuff.

So your budget -- you borrowed \$1.4 million from PIDC, right?

MS. NEFF: Yes.

MR. PEW: 1.45 million.

COUNCILWOMAN TASC0: Yes.

So then you plan to pay that back from the dollars generated from the EarthLink or from use?

MR. PEW: Yes.

COUNCILWOMAN TASC0: From the subscribers?

MS. NEFF: From the revenue that we receive from EarthLink for the subscribers.

COUNCILWOMAN TASC0: And you

1
2 expect it to be about how much per year?

3 MR. PEW: I think it is our
4 anticipation that we are hoping to
5 receive about a million dollars a year
6 from EarthLink after the first year. In
7 the first two years we don't receive a 5
8 percent payment stream. That's why we
9 requested City Council to approve that
10 the \$2 million payment go to Wireless
11 Philadelphia in the first two years.

12 COUNCILWOMAN TASC0: And then
13 after that we are out of the picture,
14 right?

15 MR. PEW: Yeah. I like to
16 think of the beginning part as
17 essentially having been part of the
18 negotiation we structured with EarthLink
19 anyway, so I view you as much as the
20 picture in all aspects of the
21 transaction, not that you are out of the
22 picture at any point in time.

23 COUNCILWOMAN TASC0: Well,
24 where do my constituents go to complain
25 when they come to complain to me that

1
2 they are not being treated fairly? What
3 is my relationship to you in trying to
4 convince you that your program is not
5 being fairly operated?

6 MR. PEW: I think that there's
7 really two parts to that. First of all,
8 you will have access to the board.
9 Obviously you can call Wireless
10 Philadelphia and tell us that you think
11 we are not being fair. We are all
12 intending to be as fair as we possibly
13 can in this program. That's why we are
14 involved.

15 At the same time there is also
16 going to be a community advisory board
17 that will be comprised of stakeholders
18 and we are going to be taking a lot of
19 lead from that community advisory group
20 to ensure that we are reaching all parts
21 of the City and that our programs are
22 actually being as effective as they can
23 be wherever we happen to be supporting
24 some community group in the City.

25 COUNCILWOMAN TASCO: How will

1
2 you determine who will be on the advisory
3 board?

4 MR. PEW: Whoever is interested
5 should send their resume. Our current
6 board will be reviewing those
7 applications and putting together a
8 community advisory board. They have
9 already done doing that today. They are
10 already working towards that goal.

11 MS. NEFF: And if Council
12 offices have a recommendation, we will be
13 happy to take any recommendations.

14 MR. PEW: We are looking for as
15 diverse a group as we can, and I have
16 invited significant community groups that
17 have approached Wireless Philadelphia and
18 suggested to them that they should
19 consider working with us on a community
20 advisory board because they know their
21 constituents better than anybody else
22 does, they know what their requirements
23 are, they know what their programs are,
24 they know how we can help to advance
25 their programs. So we are going to have

1
2 to take a significant lead from them and
3 we have been strongly encouraging
4 significant community groups to
5 participate with us because we are there
6 to help; we are not there to replace. We
7 are there to augment their programs,
8 deliver additional funding, and provide
9 things that maybe they can't get
10 themselves.

11 COUNCILWOMAN TASC0: Thank you
12 very much.

13 COUNCILMAN O'NEILL: Councilman
14 Rizzo.

15 COUNCILMAN RIZZO: Thank you.

16 I guess my question will be to
17 Wireless Philadelphia. It is about
18 communications. I'm a little bit
19 confused. I think some of my colleagues
20 received the agreement that was delivered
21 to the office, and there is just a
22 recommendation if this is going to be
23 smooth business. I received an e-mail to
24 my legislative aid saying if I was
25 interested in these documents you can

1
2 print them. I don't think that's the way
3 we should be doing business, especially
4 if this is as important to you, because
5 this was a document that I just got it
6 this morning. We had to print it out
7 ourselves, not that that's a big deal,
8 but last minute, obviously a lot of paper
9 here, and not a very good communication
10 with me at least.

11 MR. PEW: I agree. I actually
12 thought that these had been distributed
13 earlier, so you are telling me now. I
14 wasn't aware of that.

15 Understand that Wireless
16 Philadelphia is primarily a volunteer
17 organization right now and we're doing
18 everything that we can on a daily basis.
19 Your point is very well taken. There was
20 no intention of not --

21 COUNCILMAN RIZZO: I would
22 never think you would do anything like
23 that, to give us anything at the last
24 minute.

25 MR. PEW: No, in all honesty,

1
2 we wouldn't.

3 COUNCILMAN RIZZO: I'm being
4 serious.

5 MR. PEW: I would love you to
6 read all these agreements. As soon as
7 they were available, I wanted everyone at
8 City Council to read the agreements. And
9 I love the question and answer because
10 literally we sat down for three months as
11 a team to try to get the best deal we
12 could for Philadelphia. I encourage the
13 questions and answers for this document.

14 COUNCILMAN RIZZO: My next
15 question is to EarthLink.

16 MR. DIAZ: Councilman, could I
17 follow up please?

18 Two quick points. The first
19 point is that we were asked at the City
20 Law Department, in order to facilitate
21 the Council's staff's review of these
22 documents, to provide it in electronic
23 format so that it could be searchable.

24 COUNCILMAN RIZZO: Who asked
25 that?

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MR. DIAZ: I understand it was
from Mr. Auerbach.

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Secondly, the network
agreement, which I believe was the last
agreement that was distributed and maybe
the one that you had made reference to,
previously had a confidentiality
provision in it. Because we knew that
this was something of interest to Council
members, you would want to see the entire
transaction and all the documents
associated with it, we worked a side
letter agreement with EarthLink to make
sure that we were consistent with the
agreement, making it available and
essentially removing the confidentiality
restriction, and for that there was
some -- there was a requirement for some
additional time.

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So the delay in distribution I
think is associated with those two
issues, plus the electronic search
facility.

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COUNCILMAN RIZZO: And the

1
2 delay in distribution could be a delay in
3 your project.

4 The other observation to
5 EarthLink, we have a very competent
6 street lighting department, and I think I
7 brought to your attention the fact that
8 you are going to use some devices that
9 will replace photocells that we currently
10 use so you can energize your equipment.
11 Obviously, our maintenance people are
12 going to have to have those devices in
13 the event there is a failure of the
14 photocell that supports the operation of
15 the streetlight.

16 My suggestion is that you give
17 our own street-lighting department an
18 opportunity to be your installer of this
19 equipment. They understand the work.
20 They have the equipment. They are very,
21 very competent, and I would appreciate
22 our own streetlight department having an
23 opportunity to do this work for you, and
24 a lot of the problems that you are
25 possibly going to have to deal with will

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2 go away.

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MS. NEFF: We'll address that with the managing director. You know, the streetlight department will be doing the inspection, mounting of the devices, along with the team.

8

COUNCILMAN RIZZO: That's not what we heard just a minute ago. We heard that a vendor would be hired with a bucket truck to install them.

12

MS. NEFF: To do the installation, but the City streetlight department will do the inspection of those mountings.

16

COUNCILMAN RIZZO: How will they get paid for that work?

18

MS. NEFF: EarthLink is compensating the City for the cost of that.

21

COUNCILMAN RIZZO: My point being is that we are going to assume the responsibility for the maintenance of the streetlight. The first time one of the photocells that is utilized to energize

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1
2 the equipment isn't available to the
3 maintenance person, that's one device
4 that will go down because it will -- it
5 will plug in a regular, standard old
6 photocell and the light will work again,
7 but your device won't. You know what I'm
8 talking about.

9 MR. BERRYMAN: I do.

10 The photocell actually sits on
11 top of the plug --

12 COUNCILMAN RIZZO: And it plugs
13 into that.

14 MR. BERRYMAN: So our radio is
15 plugged in and getting 24-hour,
16 7-day-a-week power, and so if the
17 photocell broke, only the light wouldn't
18 work, and then they would replace the
19 photocell on top of the plug.

20 COUNCILMAN RIZZO: But you will
21 give an opportunity for the install to
22 our own City employees?

23 MR. BERRYMAN: I think we could
24 certainly take a look at that. We are
25 not opposed to looking at that as an

1
2 opportunity. I'm not sure if there would
3 be any legal obligations with hiring the
4 City workers from a private contractor
5 standpoint.

6 COUNCILMAN RIZZO: No; you are
7 attaching something that we already own.
8 I mean you are attaching your device to
9 something we already own. Again, I don't
10 want to resolve it here. I just want to
11 give our people the opportunity to get
12 the work. This is a project where they
13 could work -- not a big project. This is
14 something they could do on Saturdays on
15 overtime or whatever. It is an
16 opportunity for them.

17 MR. DIAZ: Councilman, if I
18 could respond, and of course we will
19 provide a response from the managing
20 director's office and the streets
21 department directly responsive, but I
22 would like to make these three quick
23 points: One, as I had indicated in
24 earlier responses to Councilman O'Neill,
25 we have been very clear in structuring

1
2 this deal to eliminate liability for the
3 City. It seems to me having Streets
4 Department employees doing the
5 installation eliminates whatever
6 protections we have developed in the
7 transaction.

8 Secondly, the agreements
9 provide for \$300,000 to allow the City
10 Streets Department to recover the
11 inspection costs. I believe there are
12 three installation teams with three
13 inspectors that will be covered by that
14 preagreed payment.

15 And, thirdly, just to clarify,
16 hopefully I didn't misunderstand, but
17 just to clarify, that the City's Streets
18 Department will not have responsibility
19 for maintaining the antenna and the
20 components being installed at EarthLink's
21 request.

22 COUNCILMAN RIZZO: I understand
23 that.

24 COUNCILMAN O'NEILL: Anything
25 else?

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Councilman Clarke.

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COUNCILMAN CLARKE: Thank you,
Councilman.

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Real briefly, this will be
covered under the Telecommunications Act,
this system?

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MR. DIAZ: Because of the
nature of the activity, Federal
Telecommunications Act requirements
apply, and in connection with the fees
that have been developed and negotiated,
we want to make sure that both those fees
would be used on a nondiscriminatory
basis for a similar use in the future by
EarthLink competitors and we also wanted
to make sure that whatever arrangements
we were making for access to the network
was itself on a nondiscriminatory basis,
which is why I think Mr. Pew indicated
earlier that the anticipation is that we
would have at least four Internet service
providers on the network as a minimum in
order to achieve those nondiscriminatory
goals anticipated under federal law.

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COUNCILMAN CLARKE: In the

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event that there is some change within

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the company structure of EarthLink sale,

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restructuring, whatever, and it is a

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requirement of some discussion as it

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relates to the contractual relationships

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to the City, to what degree can we be

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involved? I'll tell you why I'm asking

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this question.

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Recently we had hearings on the

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cable franchise agreements and it was

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extremely frustrating trying to get

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information from those operators, from --

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I don't know if it was from Time Warner

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or who was the most frustrating or the

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other entity, and consistently they

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talked about the Telecommunications Act

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prohibited us from getting certain

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information.

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Could the possibility that

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something like that can happen in the

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event -- and I'm not suggesting that it

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will, but things happen. There's some

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change in ownership with EarthLink or

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2 where there is the need to sell off
3 EarthLink or whatever, that we would have
4 a similar situation?

5 MR. DIAZ: There are two points
6 I would make in response to that
7 question, Councilman. The first is that
8 we have been very clear in these
9 agreements explicitly that under no
10 circumstances is the authorization
11 provided in the agreements to be
12 applicable to a cable or -- I forget the
13 technical term, but it is related to
14 visual technology; that in those
15 instances franchises would be required to
16 be separately authorized.

17 With respect to these series of
18 agreements, assignment rights have to be
19 approved by the City. There will be an
20 opportunity for us to assure that any
21 potential transfer of rights and
22 obligations under the agreements are
23 reviewed by the City.

24 COUNCILMAN CLARKE: And that
25 agreement supersedes any

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Telecommunications Act?

MR. DIAZ: I wouldn't say that it supersedes, but it would be consistent with, we believe, our authority under federal telecommunications law.

COUNCILMAN CLARKE: Suppose the company believes that that's not the case down the line? I know we have a very cordial relationship right now with EarthLink and we had this similar type of cordial relationship early on with some of the cable franchises, but it got a bit nasty when we wanted to get information during the course of that transaction.

And my concern is -- and you are saying that you believe, but you are not saying it in a very definitive term, that we will not find ourselves in a similar position. I'm concerned that we are going down this road and if something like that were to happen, we would find ourselves here four or five years from now trying to get information and be simply told that we don't have the

1
2 jurisdiction because of the
3 Telecommunications Act to get that
4 information and they don't have to share
5 information pertinent to their
6 individual -- their personal transaction
7 between companies.

8 MR. DIAZ: I will confirm for
9 the record our understanding in that
10 regard with local counsel for EarthLink,
11 but I can assure you that there has been
12 exceedingly intricate due diligence
13 exercised by EarthLink's attorneys, and
14 in every instance where we have looked at
15 the issues related to federal
16 telecommunications law and the use of
17 PAID and state law with regard to the use
18 of municipal resources for wireless
19 network and all of those major review
20 instances, the EarthLink counsel have
21 agreed with the City's legal opinions.
22 But I will confirm for the record this
23 particular point that you now raise.

24 COUNCILMAN CLARKE: Fine.
25 Thank you.

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Getting back to the number of accounts that will be designated for the City -- and I know there was some earlier questioning. I didn't hear all of the responses.

In terms of the distribution of those accounts, how is this going to work? When you say 1250 free WiFi accounts for the City, 1750 deeply discounted used at the City's option, how does all of this work?

MS. NEFF: It is purely the City's determination whether they choose to use the accounts or not. This will be coordinated through the managing director's office and the Mayor's office of information services.

COUNCILMAN CLARKE: And I think Romy is probably advising you to talk about counsel's involvement, right?

MR. DIAZ: Excuse me, Councilman. I was just going to suggest that Public Property will be making that decision on behalf of the managing

1
2 director's office in consultation with
3 MOIS.

4 COUNCILMAN CLARKE: I'm sorry.
5 The last part trailed off.

6 MR. DIAZ: In consultation with
7 MOIS.

8 COUNCILMAN CLARKE: So what
9 involvement does City Council have in
10 this distribution of these accounts? Who
11 will we be distributing these accounts
12 to?

13 MS. NEFF: Again, the contract
14 specifies the managing director's office
15 that will manage these accounts on behalf
16 of the City.

17 MR. DIAZ: If I may come at it,
18 first of all, the intention is to focus
19 on areas within the responsibility of the
20 managing director that we believe have
21 this particular need; for example, the
22 mobile licensing and inspections
23 department personnel.

24 We also believe that to the
25 extent that there is a use that would

1
2 require the expenditure of funds even
3 beyond the initial free accounts, that
4 would clearly be a part of the budget
5 review process on an annual basis that
6 Council would have an opportunity to
7 review.

8 I can't imagine that at the
9 deployment of any of these free accounts
10 or the reduced cost accounts that Council
11 would not have an opportunity to be
12 apprised of that deployment approach and
13 in some instances actually have an
14 ability to approve them where there is a
15 budget implication.

16 COUNCILMAN CLARKE: Okay, okay.
17 Thank you. That's enough for me. I have
18 heard quite a bit of information from
19 you. I know we do have a timing issue.
20 I know a lot of people have been waiting
21 here since 10 o'clock, so I'm not going
22 to continue to discuss this at this point
23 from my perspective because I do know
24 that you will be back at some point in
25 time.

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COUNCILMAN O'NEILL:

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Councilwoman Reynolds Brown.

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COUNCILWOMAN BROWN: A couple

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of questions.

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We are expecting the current

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corporate minority program will be

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provided to the Chair, as raised in

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earlier questions. Provide for us, if

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you will, what the projected new jobs

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are, how will the vendors here in

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Philadelphia get the opportunity to bid

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on those opportunities, which goes back

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to an earlier question on a plan that

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speaks to how you seek to ensure MBE/WBE

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participation.

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Then moving to the families,

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the process or plan for signing up those

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families, how will they qualify, which is

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Councilwoman Marian Tasco's question as

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well?

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MR. BERRYMAN: There will be

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from our network perspective

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approximately 11 full-time people ongoing

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after implementation. Almost all of the

1
2 expense in this implementation goes to
3 subcontractors that we will hire to build
4 the network.

5 COUNCILWOMAN BROWN: Okay.

6 MS. NEFF: We wanted to
7 complete the second part of the question
8 on the families.

9 COUNCILWOMAN BROWN: Please.

10 MS. NEFF: Derek had mentioned
11 earlier that we plan to use the federal
12 guidelines for lifeline in that
13 selection, and it has a two-component
14 part as 130 percent of poverty and
15 qualifications for a number of federal
16 programs.

17 COUNCILWOMAN BROWN: Okay. Let
18 me just put this on the record. There is
19 a new entity called Benefit Bank, which,
20 in fact, my office will be calling for a
21 briefing for Council members and members
22 of the administration, that will be a
23 one-stop shop for families who are
24 designated low income where they can come
25 and hear and have access to the range of

1
2 services, tax credits, and programs
3 available to low-income families. So
4 this may be another opportunity to add to
5 that list of services for low-income
6 families, the opportunity with WiFi
7 Philadelphia.

8 MS. NEFF: Great. We would
9 love to hear more about it and we will
10 get in touch with you.

11 COUNCILMAN O'NEILL: Councilman
12 Rizzo.

13 COUNCILMAN RIZZO: Thank you.

14 Miss Neff, I believe one of
15 your goals is to reduce costs for our
16 government.

17 MS. NEFF: Correct.

18 COUNCILMAN RIZZO: When Elliot
19 Shelkrot was here before Council, I asked
20 him a question. They just spent lots of
21 money over there to wire their network.

22 It doesn't seem to me other
23 than the few examples that you use for
24 some wireless technology for L & I and
25 others -- an example -- and I will ask

1
2 EarthLink also. We spent a significant
3 amount of money with a vendor each month
4 to support our data terminals that are in
5 our police vehicles. Could your
6 technology support that application?

7 MS. NEFF: A couple of
8 responses: The wireless network is not
9 intended to replace the 800 megahertz
10 system.

11 COUNCILMAN RIZZO: Not police
12 radio. I'm talking about the Verizon
13 contract that we have for data.

14 MS. NEFF: Yes. That is at the
15 City's option. That contract I believe
16 is through July of 2007, and at that
17 point the City will have the option to
18 take advantage of free licenses for data
19 with the mobile data access in the
20 vehicles. That is one of the options.
21 And the City will do their analysis and
22 determine if they want to take advantage.
23 That is definitely a way of reducing our
24 costs. Today we pay a mixed price
25 depending on if you are public safety or

1
2 nonpublic safety for a cellular wireless
3 access.

4 We also spend quite a bit of
5 dollars in connecting our remote
6 facilities. We lease lines called T-1s.
7 As a part of the program that EarthLink
8 is offering, they are offering the City
9 up to 700 T-1s at a reduced cost, which
10 is approximately 40 to 50 percent of what
11 we are paying today. The City will need
12 to go through that evaluation and
13 determine if they want to make the shift
14 to that. That is another potential cost
15 savings for the City.

16 COUNCILMAN RIZZO: Could you
17 provide to the Chair a list of
18 opportunities that the City government
19 would have to reduce costs by utilizing
20 EarthLink's network --

21 MS. NEFF: Yes.

22 COUNCILMAN RIZZO: -- like the
23 deal for the data terminals? The library
24 said that they would only go over to
25 wireless if they were forced to because

1
2 the technology is slower -- that was a
3 quote -- than a hard-wired computer. Is
4 that yes or no?

5 MS. NEFF: I would have to meet
6 with him to understand those comments.

7 The T-1 is a T-1. If they are
8 getting T-1 access into their facility
9 today, they are paying a leased rate for
10 that. This will be the same access
11 except it will be wireless, same speed.
12 It's a point to multipoint.

13 COUNCILMAN RIZZIO: That's what
14 I thought.

15 MS. NEFF: So it may be it is a
16 misunderstanding.

17 COUNCILMAN RIZZIO: I think
18 there are many of us that think we know
19 what we are talking about when it comes
20 to the technology, but we don't.

21 MS. NEFF: Right.

22 COUNCILMAN RIZZIO: And I don't
23 pretend to know, but I do know there are
24 probably many opportunities for the
25 system to support because I believe the

1
2 tab for the police department is
3 significant --

4 MS. NEFF: Yes, it is.

5 COUNCILMAN RIZZO: -- for the
6 data terminals, and if we could reduce
7 that cost, but not give up the quality,
8 I'm okay with that.

9 MS. NEFF: Yes.

10 COUNCILMAN RIZZO: So I would
11 like to know what opportunities we have
12 to -- and I think that that should put a
13 smile on your face to have more
14 opportunities to serve the government
15 because you are not going to give us
16 this. We are going to have to pay for
17 it, but if it's there, I'm sure that it
18 will be a better opportunity than we may
19 currently have.

20 MR. BERRYMAN: It does put a
21 smile on my face. I think the
22 opportunities -- we have seen
23 applications in cities all over the
24 country where they have moved to some of
25 this mobile technology and it has

1
2 actually increased speed, increased
3 mobility, kept the City worker force out
4 in the districts more rather than coming
5 back in, and it is replacing older,
6 slower networks.

7 So the capability of the
8 network, which will be a network
9 provider, is very, very high quality,
10 very fast, and then it is just the
11 applications that you chose to run over
12 it.

13 COUNCILMAN RIZZ0: Terrific.
14 Thank you.

15 Thanks, Mr. Chairman.

16 COUNCILMAN O'NEILL: Thank you,
17 Councilman.

18 Under its bylaws the Wireless
19 Philadelphia board of directors consists
20 of four directors appointed by the Mayor,
21 the City's chief information officer, and
22 four other directors elected by the
23 board. The eight appointed or elected
24 directors serve staggered terms of four
25 years each. The bylaws provide that

1
2 directors may be removed for cause upon
3 the vote of two-thirds of the directors.
4 Is that the sole method of removal?

5 MS. NEFF: That is correct.

6 COUNCILMAN O'NEILL: That's
7 correct?

8 MS. NEFF: Yes.

9 MR. DIAZ: Except for the CIO
10 of course.

11 COUNCILMAN O'NEILL: That kind
12 of answers the next question. Will the
13 Mayor be unable to replace a director
14 before the expiration of his or her term
15 of office? Obviously there is one, but
16 that's just been mentioned. How about of
17 the others. Is that pretty clear that
18 they will serve their term other than
19 cause of removal?

20 MS. NEFF: The appointed
21 directors are also staggered terms.

22 MR. DIAZ: So the answer is
23 yes.

24 MS. NEFF: So yes.

25 COUNCILMAN O'NEILL: The City

1
2 PAID, PAID agreement, includes a
3 provision requiring PAID to abide by the
4 new no-bid contract rules contained in
5 Section 17-1400 of the code. Why are
6 there no similar provisions in the
7 City/Wireless Philadelphia agreement?
8 Section 17-1400 applies to contracts with
9 the City-related agency such as a quasi
10 public corporation which has entered into
11 a continuing contractual or cooperative
12 relationship with the City. Isn't
13 Wireless Philadelphia such a quasi public
14 corporation and, if so, shouldn't it be
15 subject to this new no-bid contract rule
16 under its contract with the City?

17 MR. DIAZ: It's my
18 recollection, Councilman, that Chapter
19 17-1400 by its terms does not apply to
20 nonprofit organizations such as Wireless
21 Philadelphia, but regardless of that
22 exemption the competitive RFP process
23 that was initiated before the February 1
24 effective date of 17-1400 has already
25 been complied with.

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COUNCILMAN O'NEILL: So we have
it; we have it now?

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MR. DIAZ: We have the
competitive response, which is what led
to EarthLink's selection prior to the
February 1 effective date of 17-1400.

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COUNCILMAN O'NEILL: Is the
City/Wireless Philadelphia agreement
going to apply -- we can argue whether
it's a quasi government agency or not. I
know it's a nonprofit. But I think at
least there is an argument that it's a
quasi government agency.

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Aside from the technicalities
of terminology, will there be in the
City/Wireless Philadelphia agreement
provisions abiding by the new no-bid
contract rules? And, if not, why? I
guess that's the obvious followup.

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MR. DIAZ: My recollection,
subject to check, and I will provide you
with a written response for the record,
is that in all the agreements that I
looked at last night, but I will confirm

1
2 with regard to the management and service
3 agreement between the City and Wireless
4 Philadelphia, there is a provision
5 related to compliance with 17-1400. As a
6 matter of policy we wanted to ensure that
7 in all of these transactional documents
8 that we were inserting standard City
9 conditions, especially as to the most
10 important ones that we have talked about
11 today, only one example of which was the
12 MBEC-related requirements.

13 COUNCILMAN O'NEILL: Okay.

14 The Wireless
15 Philadelphia/EarthLink agreement provides
16 for a proof of concept period during
17 which a portion of the system will be
18 built and tested, and that has been
19 referred to. But what criteria will be
20 used to determine whether the proof of
21 concept has been successful?

22 MR. PEW: The way this will
23 work -- and I'm trying to make it as
24 nonlegalese as possible -- is there are
25 two exhibits that have detailed

1
2 specifications and requirements for the
3 network that actually came out of the RFP
4 process -- that's the starting point --
5 and from those design control documents
6 need to be created by EarthLink for the
7 build-out of the 15 square mile test.

8 Those design control documents
9 not only include the design of the
10 network, but it will also include the
11 manner of testing the design of the
12 network to assure that the service level
13 agreements contained in our primary
14 agreement are satisfied.

15 If we make it through the 15
16 square mile test, a part of what Wireless
17 Philadelphia is doing and through our
18 technological advisory board also will be
19 looking at the results of those
20 prespecified metrics that we have to
21 agree to before they even build the 15
22 square miles and determine to what extent
23 they were able to achieve or not achieve
24 the specifications and goals in the
25 agreement.

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Is that adequate?

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MR. BERRYMAN: Yes. Basically we are proving to Wireless Philadelphia that what we designed and promised in the RFP can be delivered, so it's scope of coverage areas, the signal speed, issues like that will be addressed during that proof of concept.

COUNCILMAN O'NEILL: So you have already agreed on the metrics that have been tested?

MR. PEW: What we have agreed to are the baseline metrics that are in the RFP that we are going to use to create the design control documents, but the problem is that they have to go out for the first time in this City and actually build the network and prove it against the specifications, requirements that we have.

And if we have to look at what -- if we have to look at modifications of those specifications and requirements, that will be part of the 15

1
2 square mile test process, but initially
3 we have I think pretty clearly laid out
4 specifications and requirements in the
5 agreement. I can even tell you the
6 exhibits. I think it's Exhibit F and G.
7 Those are the two exhibits in the
8 agreement.

9 COUNCILMAN O'NEILL: So the
10 final test will be a work in progress
11 during the trial period? As your
12 platform you have what you have agreed
13 on, but you also will be actually kicking
14 the tires once you are out there?

15 MR. PEW: We want to make sure
16 it works before it gets built.

17 COUNCILMAN O'NEILL: Got you.
18 EarthLink has agreed to keep
19 the system updated with industry standard
20 equipment. What remedies are there if
21 EarthLink does not follow through on that
22 commitment?

23 MR. PEW: EarthLink is
24 generally required to maintain the
25 network at industry standard throughout

1
2 the course of the agreement. Industry
3 standard is obviously something that we
4 are readdressing all throughout the term
5 of the agreement.

6 Also, if there is some reason
7 why we find -- two things: If we find
8 that the network just generally isn't
9 doing what we thought it was supposed to
10 do, there is a process in the contract
11 where we tell them they need to remedy
12 it, and if they fail to remedy it, we
13 actually go to a third-party consultant.
14 And the third-party consultant actually
15 comes in and looks at the network and
16 decides what might be wrong, and to the
17 extent -- I don't remember the exact
18 legalese, but to the extent it is
19 technologically and in good business --
20 whatever the legalese was around that,
21 they would have to implement. They have
22 to implement those recommendations.

23 There is also an ombudsman
24 program, so to the extent that the
25 community groups are having some issue

1
2 with the network, they can come to the
3 joint effort between Wireless
4 Philadelphia and EarthLink where to the
5 extent that there are resolutions to
6 those community problems, technical, and
7 also the legalese around businessly
8 feasible -- that's not a word,
9 businessly, but you know what I'm saying,
10 a feasible solution, that we can -- that
11 they actually have to make those
12 technical modifications. So that's
13 what's in the contract.

14 MR. BERRYMAN: We have also
15 agreed on a technical advisory council
16 between EarthLink and Wireless
17 Philadelphia to continually monitor not
18 only the performance of the network but
19 the technology as it gets introduced.
20 Something unique to this technology is
21 new standards get introduced and then
22 they go through a process to be
23 commercialized and then get introduced
24 into the network.

25 For instance, we are going to

1
2 be kicking this off with 80211-B and
3 80211-G, which are the industry standard
4 WiFi technologies today. There are a
5 list of other standards that are being
6 approved and worked on today that at some
7 point will have to be introduced to the
8 network.

9 COUNCILMAN O'NEILL: PAID --
10 PIDC, its financing arm, PAID, that
11 agreement with the City, and then that
12 organization being the conduit is
13 mentioned throughout this whole
14 proceeding. Why didn't the City just
15 deal directly and is PAID necessary, or
16 what does PAID add to the equation? I
17 just don't want the record to be absent
18 on PAID; that's all, PAID/PIDC.

19 MR. DIAZ: Thank you,
20 Councilman, for the opportunity to
21 clarify the record.

22 As I understood it in
23 discussions with counsel for EarthLink,
24 the two issues that they were
25 particularly concerned about, given the

1
2 new model going away from the Wireless
3 Philadelphia financed network through
4 bonds and then going to a totally private
5 financed operation, the concern expressed
6 by counsel to EarthLink to me was that,
7 A, they wanted to have assurance of the
8 ability to amortize the expenses
9 associated with the network build-out.
10 The 20 years, which includes the initial
11 term of ten years and the two five-year
12 option terms, gives them that
13 opportunity. There is potentially an
14 argument that could be made that because
15 there are certain obligations of the City
16 this implicates the four-year-out
17 provision when we don't use an authority
18 such as PAID for purposes of this
19 agreement. And it was the desire for a
20 clear-cut opportunity to have 20 years
21 potentially to amortize their expenses
22 that they raise this issue.

23 The second issue that came to
24 my attention was a concern related to the
25 way in which the structure of the

1
2 nonprofit had been accomplished. We
3 thought that it provided sufficient
4 protection for the City in connection
5 with any liabilities, but on further
6 discussions with local counsel for
7 EarthLink we thought there was a
8 potential benefit for the City as well.
9 We had the protection of an independent
10 nonprofit, so I constantly remind people
11 there is the City, there is PAID, there
12 is Wireless Philadelphia, an independent
13 nonprofit organization, and EarthLink in
14 this transaction.

15 The City and EarthLink -- I'm
16 sorry. The City and Wireless
17 Philadelphia are not synonymous in terms
18 of their purposes and their entities and
19 their protections, but the PAID conduit
20 provides an extra layer of protection for
21 the City in terms of the liabilities that
22 we talked about earlier that are
23 independent of any protections we would
24 have had through the use of a nonprofit
25 organization.

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COUNCILMAN O'NEILL: Thank you

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very much.

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I had a thought while you were talking but you were so engrossing that I lost it. It had something to do with

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PAID, but it can wait.

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The one area that I see missing here -- and maybe it's just that I don't see it, but it's something that I spent a lot of time at the National League of Cities dealing with the -- which was just talking about it. We are actually doing something here with the digital divide question, and that's where the real congratulations above and beyond comes in here, but I find a digital divide to be income, social and age, age at the early end, but age particularly at the latter end.

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Now, I don't see anything about seniors, and to me you can accomplish more keeping senior citizens engaged, helping them to become engaged if they are not, whether it's with their family,

1
2 the community around them. People may
3 not be technically disabled, but they may
4 in fact be disabled when it comes to
5 being able to really lead a full life and
6 be out in the world, the ability to
7 access the Internet, the ability to have
8 this kind of service that we are talking
9 about.

10 I don't know if anything is
11 being worked on, but I would hope that it
12 does get worked on sort of as an equal
13 leg in the stool dealing with those
14 segments of our society only having
15 government involvement and will make a
16 difference for. Could you comment on
17 that?

18 MS. NEFF: Absolutely.

19 The seniors are an important
20 component of our program. We like to say
21 from cradle to grave that we would be
22 bringing digital learning to our
23 community. We have already partnered in
24 a number of areas in holding training
25 sessions with seniors. I think the

1
2 Lutheran and Family -- Children and
3 Family Services in Olney is a great
4 example, that in the first class that
5 they graduated 10 of the students were
6 seniors. And they came in to learn, to
7 get access to computers, to know how to
8 use wireless, to stay connected, and so
9 they are a very important element of our
10 community. We focus a lot on children
11 because we want to make sure the future
12 and children have the opportunity to be
13 digitally -- in a digital learning
14 society.

15 But seniors are important. We
16 have done outreach with those as well as
17 people with disabilities or mobility,
18 that are homebound, that can definitely
19 use this. So we are trying to reach out
20 to all elements of our community.

21 I don't know, Derek, if you
22 have anything to add.

23 MR. PEW: Unless you need more.

24 COUNCILMAN O'NEILL: Councilman
25 Rizzo.

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COUNCILMAN RIZZO: That is

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probably the most important things I

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heard said today, is the fact that that's

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a group that's really left behind. You

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think about some of the things that our

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seniors can't get too. I think there are

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grocery stores now where it's great,

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where you can put your order in, but what

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good is it if the person can't access it.

11

So my question: A computer is

12

very expensive. Are there stepdown

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devices that we could have that -- I mean

14

my mom wouldn't need to go and check the

15

Dow Jones. Maybe to send an e-mail to

16

someone someplace in another part of the

17

world.

18

Are there possibilities of

19

stepdown devices that could give minimum

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access that isn't a laptop that you

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travel around? You know where I'm

22

heading here. Is there something that is

23

really cheap and fast and easy where a

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person could do e-mail and also maybe do

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the Acme order to get some food brought

1
2 into the property?

3 MS. NEFF: There are a number
4 of opportunities. We can all speak to
5 that because we all have been looking at
6 how we can get devices, whether they are
7 a desktop, a laptop, a handheld device
8 low cost. There are many speakers that
9 are here today that are involved in this
10 program that can talk to that.

11 One example is we have been
12 talking to Microsoft. They have a
13 Web-type access device that isn't a
14 full-blown computer.

15 COUNCILMAN RIZZO:

16 MS. NEFF: We have been in
17 discussions with MIT about their hundred
18 dollar device which is a limited P.C.,
19 but it doesn't have all of the bells and
20 whistles that the expensive ones have.

21 COUNCILMAN RIZZO: That's
22 perfect. That's perfect.

23 MS. NEFF: So we are definitely
24 looking.

25 COUNCILMAN RIZZO: That's

1
2 wonderful. That will be the one I need.

3 Thank you, Mr. Chairman.

4 COUNCILMAN O'NEILL: I now
5 recognize Councilman Michael Nutter.

6 COUNCILMAN NUTTER: Thank you,
7 Mr. Chairman.

8 Good afternoon, Miss Neff.

9 MS. NEFF: Good afternoon.

10 COUNCILMAN NUTTER: On Page 4
11 of your testimony you make reference to
12 the streetlight use agreement between the
13 City and PAID and the management and
14 services agreement between the City and
15 Wireless Philadelphia. These two
16 agreements along with two other
17 agreements to which the City is not a
18 party comprise the full transaction.

19 I did receive this morning -- I
20 actually borrowed from Councilwoman
21 Miller the bill and what appear to be the
22 agreements between the City and PAID and
23 I guess PAID and EarthLink, and then
24 Councilwoman Reynolds Brown's staff
25 person gave me a copy of the agreement

1
2 between Wireless Philadelphia and
3 EarthLink.

4 What is the other agreement
5 that the City is not a party to?

6 MR. DIAZ: The City is not a
7 party to the PAID/EarthLink streetlight
8 agreement, which is an exhibit to the
9 City/PAID streetlight agreement.

10 COUNCILMAN NUTTER: How about
11 if we do that again?

12 MR. DIAZ: The four agreements
13 in this transaction, Councilman, are the
14 City streetlight agreement as between it
15 and PAID. That is before Council for
16 approval. An exhibit to that agreement
17 is the PAID to EarthLink streetlight
18 agreement. We are not technically a
19 party to that provision, although we have
20 third-party rights under it. The third
21 agreement is the management and service
22 agreement, which is Exhibit B to the
23 bill, and that is between the City and
24 Wireless Philadelphia. And the fourth
25 agreement is the network agreement

1
2 between EarthLink and Wireless
3 Philadelphia.

4 COUNCILMAN NUTTER: Okay. All
5 right.

6 So there are four agreements
7 and within one of the agreements is an
8 exhibit which is the PAID/EarthLink
9 agreement on streetlights?

10 MR. DIAZ: That is correct.

11 COUNCILMAN NUTTER: Solicitor,
12 just for the record, who do you represent
13 in this transaction?

14 MR. DIAZ: I represent the City
15 of Philadelphia.

16 COUNCILMAN NUTTER: Who is the
17 counsel for Wireless Philadelphia?

18 MR. DIAZ: We have one here.
19 That's Stuart Rudoler. I think there was
20 a reference earlier to Tom Speranza with
21 Kleinbard, Bell & Brecker, our local
22 counsel to Wireless Philadelphia, the
23 nonprofit. And then EarthLink has both
24 local and Atlanta counsel in this matter.

25 COUNCILMAN NUTTER: I'm sorry.

1

2 What was the last thing?

3 MR. DIAZ: EarthLink has both
4 local and Atlanta counsel in this matter.5 COUNCILMAN NUTTER: Who is the
6 local counsel?7 MR. DIAZ: Local counsel is
8 Marilyn Kutler at Schnader Harrison here
9 in Philadelphia.10 COUNCILMAN NUTTER: Can you
11 provide to us through the Chair, I guess
12 for lack of better terms, a bit of an
13 organizational chart showing who is
14 connected to who and who represents who
15 in this particular or whom in this
16 particular transaction?17 MR. DIAZ: I would be pleased
18 to do that. We actually have, I think,
19 previously provided to Council -- and I
20 just want to understand the request.
21 There is sort of a depiction of the
22 transaction that shows the relationships
23 through the various agreements and what
24 the rights and privileges are under each,
25 and then we will provide you with a list

1
2 of counsel representing each of the
3 parties to the agreement.

4 And I'm reminded that I
5 neglected to mention Denise Smyler is
6 also local counsel to Wireless
7 Philadelphia, the nonprofit.

8 COUNCILMAN NUTTER: You
9 mentioned that you had provided a
10 transaction agreement?

11 MR. DIAZ: That's correct.

12 COUNCILMAN NUTTER: Is this a
13 chart that you gave us at some time?

14 MR. DIAZ: I will make sure
15 that we provide that along with a list of
16 counsel representing each of the parties.

17 COUNCILMAN NUTTER: Can you
18 also provide to us -- I know you know it
19 by now. I mean I would be pleased to
20 read all of these agreements and make my
21 own notes, but could you provide now as
22 our counsel a facts sheet and analysis of
23 the four contracts.

24 MR. DIAZ: I would be pleased
25 to do that.

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COUNCILMAN NUTTER: Thank you.

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Let me go back to one technical point, a

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note that I took down.

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Mr. Pew, there was a question

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raised earlier, I think by the Chair,

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with regard to budget approval, I think

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involving Wireless Philadelphia. I made

9

a note that part of your response made

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reference to general City oversight and

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that there was some -- it was kind of an

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internal political issue with regard to

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what City Council's role may or may not

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be. Do you recall making that statement?

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MR. PEW: Yes, I think.

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COUNCILMAN NUTTER: This is not

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a lecture series, but I would only

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mention to you that I think that it's a

19

little higher than an internal political

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issue. It's probably more of a

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separation of powers issue. We are the

22

City Council. We approve budgets.

23

That's what we do.

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MR. PEW: I appreciate that,

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Councilman Nutter. All I was suggesting

1
2 -- the question I think had to do with
3 reporting, and all I was saying is that
4 we have agreed under the management
5 agreement to report back to the City, and
6 the distribution of those reports within
7 the City is not part of Wireless
8 Philadelphia. Wireless Philadelphia is a
9 separate entity, so we were distributing.
10 That was the whole point of my comment.

11 COUNCILMAN NUTTER: I
12 understand. And which management
13 agreement are you referring to?

14 MR. PEW: Is it called the
15 management and services agreement? The
16 management and services between the City
17 of Philadelphia and Wireless
18 Philadelphia.

19 COUNCILMAN NUTTER: Now, is
20 that agreement one of the four agreements
21 that we discussed earlier?

22 MR. PEW: Correct.

23 COUNCILMAN NUTTER: And what's
24 the current agreement between the City
25 and Wireless Philadelphia? What are you

1
2 required to do presently?

3 MR. PEW: Actually, if I can
4 look at my notes, I will tell you. It's
5 a very long list.

6 I have just been reminded that
7 there is no current agreement until City
8 Council actually approves it, but, if
9 approved, the agreement that is currently
10 in place -- that would come into place
11 between Wireless Philadelphia and the
12 City directs Wireless Philadelphia to
13 manage a relationship with EarthLink
14 under the network agreement, dedicate
15 ourselves to the visual inclusion
16 program, spur economic development in the
17 city, enhance community neighborhoods,
18 reduce the cost of government, maintain a
19 series of insurances.

20 We also have a series of
21 reporting requirements back to the City.
22 We have an annual plan that needs to be
23 provided back to the City on March 1 of
24 every year that sets forth all of our
25 programs that we have put in place to

1
2 address our goals, a budget setting worth
3 the funding for each of those programs,
4 the key personnel that we have that are
5 going to be responsible for each of those
6 programs, and the goals and metrics for
7 measuring the success of all of those
8 programs. We have a requirement to
9 deliver to the City monthly reports.

10 COUNCILMAN NUTTER: Mr. Pew --

11 MR. PEW: I'm just trying to be
12 complete.

13 COUNCILMAN NUTTER: I
14 appreciate that. Are you reading from
15 something in the broadband network
16 agreement?

17 MR. PEW: No; this is actually
18 something I put together last night to
19 make sure I could answer that question.

20 COUNCILMAN NUTTER: The
21 information that you were just reading
22 into the record, is it somewhere in this
23 agreement?

24 MR. PEW: If Romy puts together
25 the facts sheets for you, it will

1
2 probably sound very similar to what I
3 just read. It's out of the agreement.

4 COUNCILMAN NUTTER: Could you
5 direct me to a section or a page?

6 MR. PEW: It's within the
7 entirety of the agreement. I was trying
8 to outline it so it would be simple to
9 understand.

10 COUNCILMAN NUTTER: So do I
11 understand presently there is no
12 operating agreement between Wireless
13 Philadelphia and the City of
14 Philadelphia?

15 MR. PEW: Not that I'm aware
16 of.

17 MS. NEFF: That is correct.

18 COUNCILMAN NUTTER: So how do
19 you do what you do? I mean under what
20 authority or jurisdiction?

21 MR. DIAZ: Let me clarify, if I
22 may, Councilman, one point.

23 The management and service
24 agreement between the City of
25 Philadelphia is before Council for

1
2 approval for, among other reasons, the
3 approval of the transfer of the \$2
4 million that is anticipated to be
5 received by the City from EarthLink to
6 Wireless Philadelphia.

7 And the second point I would
8 make is that although the Mayor was the
9 incorporator of Wireless Philadelphia in
10 March and bylaws were established and a
11 mission for the organization was created,
12 the management and service agreement
13 would in fact provide the contractual
14 basis between the City and Wireless
15 Philadelphia for all of the purposes that
16 Derek and others have summarized.

17 COUNCILMAN NUTTER: Well, I
18 understand that. When was Wireless
19 Philadelphia created?

20 MR. DIAZ: My recollection is
21 March 30, 2005.

22 COUNCILMAN NUTTER: And since
23 that time and based on my recollection of
24 the last time Miss Neff was at the table,
25 I think you indicated that you have spent

1
2 \$750,000 on Wireless Philadelphia; is
3 that correct?

4 MS. NEFF: We have received
5 \$750,000 and just recently received
6 another \$700,000.

7 COUNCILMAN NUTTER: Okay.
8 Which relates to the 1.4 million that you
9 mention in your testimony, right?

10 MS. NEFF: Correct.

11 COUNCILMAN NUTTER: I guess I'm
12 trying to understand. If there is no
13 operating agreement between Wireless
14 Philadelphia and the City of
15 Philadelphia, what is the basis upon
16 which you would have either the first
17 \$750,000 or a subsequent \$700,000 and you
18 have been operating now for a year?

19 MS. NEFF: Wireless
20 Philadelphia was incorporated. We have
21 articles and bylaws. We also have a note
22 with PIDC for the funding that states our
23 purposes from both our bylaws and our
24 articles of incorporation and the use of
25 those funds and repayment schedule of

1

2 those funds.

3

4 COUNCILMAN NUTTER: I have all
5 that. What I'm trying to understand is
6 how do we give a million and a half
7 dollars to someone that has no operating
8 agreement with us?

9

10 MR. DIAZ: No one gave anything
11 to Wireless Philadelphia. I think what
12 the chief information officer is trying
13 to describe, Councilman, is a series of
14 loans that have been made by PIDC to
15 Wireless Philadelphia with a repayment
16 schedule over four years that
17 would compensate PIDC for the economic
18 stimulus loans that have been granted and
19 two tranches.

20

21 COUNCILMAN NUTTER: I
22 understand that as well. What I'm trying
23 to understand is in a normal financial
24 transaction -- Wireless Philadelphia has
25 no money and has no access to any money.

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27 MR. DIAZ: Wireless
28 Philadelphia has \$1.45 million through
29 loan proceeds, Councilman.

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COUNCILMAN NUTTER: It has no money to pay it back because they have no guaranty of funding at the moment until a contract is signed, correct?

MR. DIAZ: That is correct.

COUNCILMAN NUTTER: So they received a loan with no basis to pay it back because they have no money of their own to make the repayment until we sign this agreement or approve this agreement, correct?

MR. DIAZ: I think I would characterize it as a reasonable expectation that based upon the value of this initiative to the City and its residents that there will be approval, we hope, of City Council for these transactions that would then provide the funds to repay the two loans received from PIDC.

COUNCILMAN NUTTER: Well, okay. I mean I guess I wish it was that easy to do a transaction with a regular financial institution based on my best interest or

1
2 my best intentions that I'm a relatively
3 decent person and I think I might be able
4 to pay you back at some point in time. I
5 mean generally they usually like to see a
6 pay stub or something or know that I work
7 somewhere that I have the basis to pay
8 them back, but that has nothing to do
9 with the good quality of what it is we
10 are trying to get done. I was just
11 trying to understand how we make loans to
12 people who have no ability at the moment
13 we give them the loan to pay the money
14 back, anticipating, for all the best of
15 intentions, that this Council will
16 approve something to allow you to pay the
17 money back, and that's what happened
18 here, right?

19 MR. DIAZ: I think the loans
20 were clearly made in anticipation that
21 there would be ability to repay. And if
22 it would be helpful, we would be happy to
23 supply for the record the loan document
24 to essentially provide the documentary
25 evidence that this is a loan.

1

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COUNCILMAN NUTTER: That would
be helpful.

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I think there have been some
stimulus funds provided as loans in the
past to certain organizations that were
subsequently converted to grants,
correct.

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MR. DIAZ: I have heard of
such, but I do not have personal
knowledge of such.

12

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COUNCILMAN NUTTER: That's a
good City solicitor answer.

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Miss Neff, just a couple
questions about the items at hand. Who
is the average customer here? Who is
purchasing these services?

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23

MS. NEFF: The goal is to reach
out to those citizens and businesses that
do not have access to the Internet today
and dial-up customers and then obviously
anybody else that is interested in
subscribing to the network.

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COUNCILMAN NUTTER: I
understand.

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Based on the business model,
what's the profile of the average
customer?

MS. NEFF: Mr. Berryman can
talk to you on the profile of the
customer.

COUNCILMAN NUTTER: Okay.

MR. BERRYMAN: I can tell you in
our models what we think the average
profile of the customer will be. First,
they will be those customers who
subscribe to dial-up today who either
don't have access to broadband or
broadband is too expensive.

COUNCILMAN NUTTER: Let me
narrow the question.

MR. BERRYMAN: Sure.

COUNCILMAN NUTTER: What's the
socioeconomic or demographic profile of
the average customer that you think is
going to sign up for this service?

MR. BERRYMAN: We believe there
will be two. There will be those
customers who subscribe who are on the

1
2 lower income bracket because they can't
3 afford higher cost broadband services,
4 and then there will be those customers
5 who like the access and mobility of the
6 network who have services either at home
7 or here on business and they probably
8 will be in the middle to upper income
9 bracket.

10 COUNCILMAN NUTTER: And what
11 device is this average customer utilizing
12 to access the service?

13 MR. BERRYMAN: They will have a
14 computer with a wireless card.

15 COUNCILMAN NUTTER: We're
16 talking about a P.C. or laptop?

17 MR. BERRYMAN: Either one.

18 MS. NEFF: Or a personal
19 digital assistant as well if it has a
20 wireless connection.

21 COUNCILMAN NUTTER: What does a
22 laptop cost?

23 MS. NEFF: Low-end laptops are
24 under \$500 today. The refurbished
25 desktop and computers are under \$150.

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COUNCILMAN NUTTER: What's a
wireless card cost?

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MS. NEFF: \$45.

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MR. BERRYMAN: Or less.

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MS. NEFF: Maybe even less.

7

COUNCILMAN NUTTER: And there
was an issue from earlier about indoor
access. Does that require additional
equipment?

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MR. BERRYMAN: Not necessarily.

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there with the antenna.

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The reason we are requiring --
we are asking our customers to get that
device is because of two things: It will
have software on it that encrypts the
connection for the customer between their
computer and the nodes or the network.
It will have their user name and password

1
2 already logged into it so that they can
3 stay continuously on the network, but it
4 is not required.

5 COUNCILMAN NUTTER: And what's
6 the monthly price for current EarthLink
7 customers?

8 MR. BERRYMAN: We have multiple
9 products that we sell around the country.
10 Our premium dial-up account today costs
11 about \$21.95.

12 We also have a value dial-up
13 through a subsidiary called people P.C.
14 that averages between \$10.95 and \$15.95
15 depending on services that you get with
16 it.

17 And then, of course, we have
18 broadband customers as well.

19 COUNCILMAN NUTTER: And what do
20 you anticipate the annual revenues to be?

21 MR. BERRYMAN: In our models we
22 anticipate that we will be getting, if we
23 are successful in the roll-out of this --
24 it really depends on the mix of
25 EarthLink's retail customers versus the

1
2 wholesale customers. And we have
3 multiple models that will be looking at
4 this as well as additional services on
5 top of it, but we anticipate after the
6 third year to be somewhere between 15 and
7 \$18 million a year.

8 COUNCILMAN NUTTER: 15 to 18
9 and Wireless Philadelphia gets 5 percent
10 of the gross or the net.

11 MR. BERRYMAN: They get 5
12 percent of EarthLink's retail sales.

13 COUNCILMAN NUTTER: Is that the
14 15 to 18?

15 MR. BERRYMAN: It's
16 incorporated in that 15 to 18, but if
17 EarthLink is a retail seller on the
18 network, there will be three or four
19 other network sellers as well, and we
20 will contribute from the EarthLink retail
21 accounts. And so if it's 30 percent or
22 40 percent or 50 percent of the access
23 revenue, Wireless Philadelphia will get
24 the percentage of that revenue.

25 COUNCILMAN NUTTER: As you were

1
2 kind of cascading down, you lost me a
3 little bit. So let's go back. 5 percent
4 of your retail sale --

5 MR. BERRYMAN: There is a
6 formula, so let me ask -- Derek is going
7 to pull it out.

8 MR. PEW: We get the greater of
9 one dollar per subscriber or 5 percent,
10 whichever is a larger number, on the
11 retail revenue. And on the wholesale
12 accounts we get a dollar per wholesale
13 account.

14 COUNCILMAN NUTTER: So in your
15 model what do you anticipate Wireless
16 Philadelphia's annual revenues to be?

17 MR. PEW: In Wireless
18 Philadelphia's model? Well, I can now
19 just do the math off the 15 to 18
20 million. We are actually -- our hope is
21 that they reach a success rate of about
22 20 million, and we are averaging about a
23 million dollars a year in payments from
24 EarthLink. But Wireless Philadelphia's
25 model is only very partially based off of

1
2 revenue stream from EarthLink. The
3 anticipation is that we are going to use
4 that as a way to augment private charity
5 contributions to what we are doing, and
6 we have already been doing that, and
7 actually the initial -- the initial
8 feedback is that we can actually,
9 hopefully, dramatically increase our
10 budget on an annual basis well, well
11 beyond what we are going to get from
12 EarthLink.

13 COUNCILMAN NUTTER: And what,
14 if any, revenues does the City of
15 Philadelphia get out of this?

16 MR. DIAZ: The City gets no
17 revenues from the work or, I should say,
18 the sales of EarthLink. The City
19 revenues are associated with the fees
20 that I mentioned earlier, the fees
21 related to the rental of the streetlights
22 owned by the City and the inspection fee
23 that we talked about earlier, \$300,000.

24 COUNCILMAN NUTTER: Now, in
25 that regard -- and Councilman Clarke did

1
2 ask about this, and I have been
3 struggling a little bit to kind of figure
4 this one out. You've got approximately
5 4,000 poles, although in your agreement,
6 as I read through it quickly, you have
7 actually a maximum of 5,000 poles that
8 you can use, right?

9 MR. DIAZ: That's correct.

10 COUNCILMAN NUTTER: You don't
11 have to necessarily go through all the
12 particulars right now, but it has been
13 hard to figure out. In some parts of
14 this document and other documents you
15 have \$74 a pole and then you have \$24 a
16 pole, and I understand that somewhere
17 within the \$2 million first two-year
18 payment you're calculating \$50 per pole
19 and then the 24 goes on top of it. That
20 has been a little difficult to work
21 through.

22 MR. DIAZ: It was, as you can
23 imagine, Councilman, a very complicated
24 transaction and negotiation extending
25 over many months, but essentially every

1
2 time you see \$74, if we did it right, it
3 should say approximately \$74 for the
4 pole.

5 COUNCILMAN NUTTER: It does.

6 MR. DIAZ: And the reason we
7 did that is because if you assume the
8 target number of 4,000 streetlights that
9 are anticipated for the network buildout,
10 that would result in a calculation --
11 looking at the \$2 million to be paid over
12 the first two years to the City, that
13 would calculate out at \$50 per
14 streetlight. If you add the \$24 per
15 streetlight annual rental to be charged
16 in addition to the \$2 million, that's how
17 we get up to 74.

18 On the other hand --

19 COUNCILMAN NUTTER: The \$2
20 million, though, is over the first two
21 years?

22 MR. DIAZ: That's correct,
23 through a payment schedule that's laid
24 out in the agreement. If, for example,
25 EarthLink is capable and needs to use up

1
2 to 5,000 streetlights, then the amount
3 that I have been using as sort of a base
4 at \$50 would be a little less, and that's
5 the reason why we have been talking about
6 this as approximately \$74 in terms of
7 fees per streetlights.

8 In addition to that, the City
9 receives the benefit of the free and
10 reduced-cost services that we have
11 calculated to be approximately \$13.3
12 million, so it is a significant benefit
13 to the City over and beyond the
14 socioeconomic goals that we are trying to
15 achieve.

16 COUNCILMAN NUTTER: I
17 understand. Why don't we do it this way,
18 because I think I may be, at least for
19 myself, kind of able to figure this out:
20 The \$2 million divided by 4,000 is 500.
21 And I assume you are then taking that at
22 \$50 apiece over a ten-year period of
23 time. Is that how you get that number?

24 MR. DIAZ: That's correct.

25 COUNCILMAN NUTTER: Okay.

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2 Great.

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4 Mr. Berryman, I'm not
5 completely sure that you, as best I could
6 hear, answered Councilwoman Reynolds
7 Brown's question. I thought her question
8 to you with regard to EarthLink was what
9 are the companies -- what is EarthLink's
10 MBE/WBE track record, and I think what I
11 heard was a contribution to a high school
12 in Atlanta. Was that the answer?

12

13 MR. BERRYMAN: I think there
14 were two parts to the question when she
15 asked me what the contribution was to the
16 community and the MBE, and I answered the
17 contribution to the community. I think I
18 said that I would get our corporate
19 commitment on MBE submitted back to the
20 Chair to be specific with it.

20

21 COUNCILMAN NUTTER: Okay. So
22 you're not -- you don't have a --

22

23 MR. BERRYMAN: Well, I want to
24 get the numbers right and make sure it is
25 correct rather than talking about it off
the cuff. It is not my area of

1
2 responsibility within EarthLink.

3 COUNCILMAN NUTTER: Okay. And
4 the outreach, that was -- I mean the
5 major contribution is with regard to the
6 high school?

7 MR. BERRYMAN: We make many
8 contributions in the communities that we
9 are in across the country. That's one of
10 the ones I thought highlighted an area
11 that we are very proud of in the City of
12 Atlanta.

13 COUNCILMAN NUTTER: I assume
14 when this hearing reconvenes you are
15 coming back? You will be back with us to
16 spend some quality time with us?

17 MR. BERRYMAN: I thought today
18 was quality.

19 I would be more than happy to,
20 Councilman.

21 COUNCILMAN NUTTER: We haven't
22 gotten to the quality yet. Let me assure
23 you.

24 Mr. Solicitor, let me ask this
25 one question: You have responded to this

1
2 a couple times with regard to why this
3 model versus other models and looking to
4 protect the City's interests, which of
5 course I appreciate. What's the City's
6 liability with regard to our cable
7 franchise arrangement?

8 MR. DIAZ: You mean with
9 respect to this particular transaction?

10 COUNCILMAN NUTTER: No, no, no.
11 We have cable franchise agreements with
12 at the moment at least two companies
13 directly with the City, Department of
14 Public Property.

15 MR. DIAZ: Right.

16 COUNCILMAN NUTTER: What is our
17 financial liability or risk with regard
18 to those transactions?

19 MR. DIAZ: I'm not familiar
20 with that. I would have to provide that
21 to you for the record if I may.

22 COUNCILMAN NUTTER: Do you
23 think there is any?

24 MR. DIAZ: I'm sorry?

25 COUNCILMAN NUTTER: Is there

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2 any?

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MR. DIAZ: I just don't know.

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The reason that I want to go back and

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review these is because the kind of risks

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that I talked about earlier in my

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response with regard to this set of

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transaction documents are related to

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personal injury, to property damage, and

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to proprietary rights damages. I would

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want to go back and look at it with

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respect to the franchise agreement

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because we're not just talking about a

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piece of equipment falling. There are

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potentially other kinds of risks. I

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would like to look at it and give you a

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thoughtful response for the record if I

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may.

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COUNCILMAN NUTTER: Okay. Last

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question. Maybe this is best for either

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Mr. Pew or Mr. Berryman, although I would

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never exclude our CIO.

23

Given the fact that you are

24

entering into an agreement with a

25

nonprofit organization which was created

1
2 by the City which has the best of goals
3 in mind, the nature of that relationship,
4 the opportunity to utilize I guess the
5 tax rights of a nonprofit, do you have
6 any concern that this would give rise to
7 issues being raised that the City through
8 Wireless Philadelphia is, at a certain
9 level, engaging in some amount of market
10 interference? I mean that your rates,
11 the rates that are proposed, are
12 primarily being guaranteed through a
13 contract with Wireless, created by
14 Wireless Philadelphia, created by the
15 City. There is anticipated to be some
16 amount of subsidization, either direct or
17 indirect, by the City and certainly by
18 foundations. You're a for-profit, I
19 believe, publicly traded corporation,
20 correct?

21 I mean where is the line in
22 this kind of issue between the private
23 sector engaging in marketplace activities
24 and either a nonprofit entity created and
25 possibly supported by a government that

1
2 you start to venture into interfering in
3 the normal marketplace.

4 MR. DIAZ: If I may,
5 Councilman, let me respond. We have
6 looked at this issue very closely, and
7 the short answer to your question is no,
8 I am not concerned. But let me
9 elaborate.

10 The Home Rule Act prohibits the
11 City of Philadelphia and other
12 municipalities from engaging in
13 proprietary actions, and when we looked
14 at this transaction both with regard to
15 the original model and set up Wireless
16 Philadelphia as an independent nonprofit
17 carrying out a charitable public purpose,
18 we believed that we addressed that
19 adequately.

20 And even with respect to the
21 situation now that there is a partnership
22 between Wireless Philadelphia, the
23 nonprofit, and EarthLink, we believe that
24 we have done this right and we do not
25 believe we are inappropriately engaging

1
2 in an activity of the private sector
3 because the private sector is doing that
4 on its own.

5 And, lastly, for anyone who
6 wants to come in and engage in a similar
7 type activity, we now have, we believe,
8 an appropriate basis for determining what
9 the economic value is of the rental of
10 streetlights from the City of
11 Philadelphia, and we have plenty of those
12 left after this agreement to rent to
13 others.

14 COUNCILMAN NUTTER: Mr.
15 Berryman, do you have an opinion on this?

16 MR. BERRYMAN: I think the
17 solicitor said it absolutely accurately.
18 We worked very hard in going through
19 these contracts to make sure there was no
20 impropriety. There is no subsidy that
21 are embedded in these contracts, and we
22 are not gaining anything throughout the
23 Wireless Philadelphia, a nonprofit
24 organization.

25 COUNCILMAN NUTTER: And my

1
2 absolute last question for the day is:
3 Having given that answer, providing all
4 the service, giving so much both to the
5 City, low-cost rates, how do you make any
6 money?

7 MR. BERRYMAN: We make money by
8 selling retail accounts and by
9 encouraging other ISPs to come onto the
10 network and the relationships that we
11 have with them, so selling wholesale
12 accounts.

13 We also believe in the future
14 of this network, that once the network is
15 built, there will be applications that
16 will be -- either that exist today or
17 that will exist because of the nature of
18 the network that will be sold over the
19 network that will help us be profitable
20 in the future.

21 COUNCILMAN NUTTER: Okay.

22 Thank you, Mr. Chairman. I'll
23 come back.

24 COUNCILMAN O'NEILL: Thank you,
25 Councilman.

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Councilman Rizzo.

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COUNCILMAN RIZZO: What will EarthLink's business presence be in Philadelphia?

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MR. BERRYMAN: Besides the network, we will have approximately on an in-and-out basis, depending on the time of the year and other associations that are going on, about 11 people in the City.

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COUNCILMAN RIZZO: You will have an office in the City of Philadelphia?

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MR. BERRYMAN: We will. It is our plan to have an office that will house our general manager and other marketing and local salespeople.

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COUNCILMAN RIZZO: Other than that end of the business, what presence will EarthLink have, or what will any company's presence be other than the attachments on the streetlights? You know, we all think cell phones work because there is an antenna someplace.

1
2 There is a structure built. What other
3 equipment in Philadelphia will exist to
4 support the streetlight attachments?

5 MR. BERRYMAN: So EarthLink, as
6 an ISP, already has a backbone or a
7 network operation here called a POP, a
8 point of presence, for our existing
9 EarthLink Internet customers. That's on
10 Broad Street in the telecommunications
11 building. So we will expand that to
12 handle the additional customers that will
13 be coming over the network.

14 And in terms of infrastructure,
15 we will have the 4,000 radios at street
16 level, and they will then communicate to
17 towers. The towers already exist. We
18 will rent space from those existing
19 towers and put the small antennas -- you
20 can see it over there. It's about the
21 size of a shoe -- on those antennas.

22 COUNCILMAN RIZZ0: And I
23 suggested to you and I hope you made note
24 that we have lots of City structures. We
25 would like to collect the rent.

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MR. BERRYMAN: Yes, you did.

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COUNCILMAN RIZZO: Like I

mentioned earlier about the Streets

Department maybe being eligible to do

some of the attachment work to the

streetlights, we would also like you to

consider work with obviously the Public

Property committee and department about

installing those antennas on City-owned

facilities and providing that revenue to

us.

You indicated that the initial

buildout -- so I'm glad I went to the

briefing -- the initial buildout of the

system will only support 250,000

customers without an expansion to your

existing plan. You smiled. Why?

MR. BERRYMAN: 250,000 customer

is a lot in the City of Philadelphia.

COUNCILMAN RIZZO: That's my

question. That's a lot of customers?

MR. BERRYMAN: That would be a

lot. That would be a great deal.

Currently today, EarthLink, as

1
2 an ISP, has somewhere between 18 and
3 22,000 customers in this market. AOL, as
4 a dial-up customer base in the City of
5 Philadelphia, has about 150,000
6 customers, and they are by far the
7 industry leader. So 250,000 customers
8 using that network would be a great deal.

9 COUNCILMAN RIZZO: So you are
10 telling me a city of a million and a half
11 plus people and visitors, that the
12 250,000 number would support the activity
13 of the system?

14 MR. BERRYMAN: Well, that
15 250,000 that I quoted was a subscriber
16 base, so occasional users, people that
17 come here on business and other
18 applications are not counted in that, and
19 they would be -- a lot depends on the
20 usage of the network, so if all 250,000
21 people are logged on at 7 o'clock at
22 night, we would have an issue probably.
23 That is not the way the Internet works.

24 So we will have to look at and
25 continue to -- it's our estimate that we

1
2 could with the one meg of speed and the
3 other services that we guaranteed, that
4 250,000 people could use it, and it's
5 from a subscriber base.

6 COUNCILMAN RIZZO: Thank you.

7 MR. BERRYMAN: But it is very
8 easily upgradable on the network so it
9 could certainly go higher. And we would
10 be wildly successful if we had to upgrade
11 to go beyond 250,000.

12 COUNCILMAN O'NEILL: Thank you.

13 I'm sure there will be a lot
14 more questions at a future hearing when
15 people have actually read a lot of the
16 agreements that they received yesterday
17 or the day before, but I want to mention
18 for the record, because there are a lot
19 of people here that don't attend every
20 Council hearing, we would never have held
21 a hearing eight days after the
22 introduction of a bill like this with the
23 backup documents not present but for our
24 high esteem for Dianah Neff and her
25 personal schedule that she asked if we

1

2 could do this.

3

4 We would never have had a list
5 of 23, five other panels, to testify on
6 behalf. That was kind of set up by the
7 administration. We would have had a
8 separate hearing for that.

9

10 In fact, this hearing will be
11 continued, not right now, just kind of
12 giving everybody a heads-up -- until
13 March 30. This committee, when we finish
14 today, will stand in recess until March
15 30 at 4 o'clock specifically for public
16 testimony.

17

18 After that, probably within the
19 next week or so, there will be another
20 hearing like today dealing with Council
21 members asking questions of the
22 administration and hearing any other
23 testimony, but Councilman Clarke and I
24 still have to work out the schedule with
25 the chief clerk on that, but we have,
26 particularly at Councilwoman Blondell
27 Reynolds Brown's request, set 4 o'clock
28 on the 30th. So we will be recessing

1
2 today, but public testimony only.

3 I would ask any representatives
4 of those on our first panel today to be
5 present to help answer questions that
6 people might have, but you will not be
7 the focus of that hearing. It will come
8 sometime afterwards and you will have
9 plenty of notice of that, but I wanted to
10 just be clear for the record. We are
11 here on a Friday. We are doing the
12 budget and some people don't have all the
13 information on Council, but we wanted to
14 get as much as we could out in front with
15 Miss Neff present, and I just wanted
16 everybody to know that.

17 And anybody that is here today
18 as a public testifier will be welcome to
19 testify today, come back on the 30th for
20 more public testimony, but if for some
21 reason you had to leave, I want you to
22 know there is a subsequent hearing
23 already scheduled for people like
24 yourself who either sat through all of
25 this or couldn't make it and didn't know

1
2 about it, whatever the reason was, and
3 that will be at 4 o'clock in this room.

4 So we will start on Panel 2.
5 If you don't know who you are on Panel
6 2 -- it looks like you know, so I will
7 let you come. Panel 2 names are Pat
8 Renzulli, School District; Paul
9 Sanfrancesco, Archdiocese; Willie Cade,
10 Computers for Schools; Mike Capobianco,
11 Computers for Youth.

12 I would ask the panel and each
13 of the panels going forward if you could
14 summarize your testimony and we will
15 enter your statements into the record,
16 considering the time of day and we are
17 having another session for public
18 testimony. But thank you.

19 You can start. If you would
20 identify yourself for the record.

21 MS. RENZULLI: Good afternoon,
22 ladies and gentlemen of City Council. My
23 name is Pat Renzulli, and I'm the chief
24 information officer for the School
25 District of Philadelphia.

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We in the School District are quite excited about the prospects for this project, primarily because it gives us the opportunity to increase communication between the School District and its families. Our interest in this is not for our direct use of the network because the School District has its own robust network as well as wireless. Our interest is really because of what it can provide for our families.

Coincident with this project, we in the School District have been developing a program that we call Family Net, and it gives our families access to a lot of information about their children, report card information, benchmark test information, as well as individualized instructional resources that are all available on-line for families to use in their home to help their children.

What's been missing from our program is the technology infrastructure

1
2 for those families that cannot afford
3 computers and access to the Internet. So
4 because of the social goals associated
5 with this project, it now gives our
6 low-income families economically
7 advantageous pricing to access the
8 Internet.

9 To complement that, we also
10 intend to provide training for our
11 families as well as reasonably cost
12 computers. We already have a refurbished
13 computer program. Dianah Neff had
14 mentioned computers that cost around
15 \$150. We have been making those
16 available to our families for programs
17 that we have anyway. Family Net is just
18 over and above that.

19 All families within the School
20 District will have access to Family Net
21 by the end of this school year. The
22 challenge then is to create the
23 infrastructure to allow families to tap
24 into that information.

25 COUNCILMAN O'NEILL: Thank you

1
2 very much.

3 MR. CADE: Thank you, Chairman
4 O'Neill. Willie Cade from Computers for
5 Schools. I'm the chief executive
6 officer.

7 I have submitted to the clerk
8 my two-page testimony, and I will briefly
9 summarize it.

10 COUNCILMAN O'NEILL: Thank you.

11 MR. CADE: Thank you.

12 There are five basic reasons
13 that we are in support of this project.
14 It will spread the Internet over the
15 City -- much of this has been already
16 covered -- provide the ability to connect
17 anywhere, be easy to connect, create the
18 speed necessary for today's applications,
19 and there will be plenty of hardware.
20 That really is our focus here.

21 We have a facility on North
22 Lycoming in Philadelphia where we do the
23 refurbishment. We are a
24 Microsoft-authorized refurbisher, and
25 with that we can provide legally licensed

1
2 operating systems for refurbished
3 equipment.

4 All of our employees live in
5 the City of Philadelphia, pay their taxes
6 here. Our systems that are provided by
7 Computers For Schools have a three-year
8 hardware warranty with an 800 number here
9 in Philadelphia that people can call for
10 technical support.

11 I believe one of the
12 councilwomen talked earlier about how she
13 calls her daughter. Well, we have an 800
14 number for her.

15 I also want to point out that
16 we have a very proud relationship with
17 the School District of Philadelphia.
18 They put out an RFP for refurbished
19 computers for the district itself in the
20 schools. We were one of the winners of
21 that, and we have a three-year contract
22 with them on that. And we meet all of
23 their MWBE requirements and insurance
24 requirements as presented by the RFP, and
25 so we are very proud of that.

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And just to one of the other councilwomen's questions, there are three officers of our corporation. Two of them are women.

And our cost is \$150. We will be putting in a wireless card and hopefully we will be able to make agreements with the retail providers in order for the subscribers to amortize the cost of the equipment over a year's time period so that it's not \$150 up front.

By the way, many of the advertisements you will see in the newspapers for \$300 computers have a little asterisk to it, and at the bottom of the page it is \$600 and you get a \$250 rebate sometimes six months later or not, and so what we look to do is really work with and bridge the digital divide.

Our technical people at Computers For Schools, both of them are formerly digital service fellows from the School District. They both graduated from the School District of Philadelphia

1
2 and we are very proud of that.

3 COUNCILMAN O'NEILL: Thank you.
4 That's quite exciting.

5 MR. CAPOBIANCO: Thank you,
6 Chairman, for the opportunity. My name
7 is Mike Capobianco. I'm the manager of
8 Strategic Partnerships For Computers For
9 Youth.

10 We spoke, I think, another time
11 in front of the Council in September, and
12 since then we have done some due
13 diligence in locating a city within the
14 United States that we want to grow our
15 services and what we do, and we have
16 located -- we have made the decision that
17 Philadelphia is the City based on the
18 wireless initiative that you are putting
19 forth or we are discussing here today.

20 I'll be brief, knowing the time
21 constraints.

22 The first thing is, like I
23 said, because of the wireless initiative
24 is why we want to do this, and what we
25 want to do is have a pilot program that

1
2 we are going to identify one or two
3 schools within Philadelphia within that
4 15-mile proof of concept area, and we are
5 going to go ahead and place computers in
6 those schools in partnership with the
7 School District of Philadelphia and go
8 and provide all of our services, which
9 includes training and also 1-800 call,
10 and we are talking with Willie Cade's
11 organization about partnering with them,
12 so we will be utilizing local
13 Philadelphia resources to do that.

14 Our focus for this initiative
15 is really twofold. One, it's a pilot
16 program, so we want to see if it works,
17 if you go forward with this, to see if it
18 works. And, also, we want to extend what
19 we do, which is measuring outcomes.

20 CFY is about seeing, okay, now
21 we have placed the computer in somebody's
22 home. How does it work and how does it
23 affect families and how does it affect
24 students? So we have been working
25 closely with Dianah Neff's office and

1
2 with Pat Renzulli, Vince Tattola and Jake
3 Cohen at the School District of
4 Philadelphia to help to make this happen,
5 and we are excited to work with you as
6 true partners. Thank you.

7 COUNCILMAN O'NEILL: Thank you.

8 MR. CADE: If I could add one
9 more point, Mr. Chairman. The question
10 about having enough equipment comes up.
11 Today in the United States there are 230
12 million PCs that are currently in use
13 that. And they have an average 4-1/2
14 year life span with their first use.
15 That means 136,000 computers per day come
16 off-line and are available for
17 refurbishment.

18 We hope to collect this coming
19 Earl Day, April 22, 100,000 of those
20 across the country for refurbishment and
21 we certainly hope to get your support on
22 that.

23 COUNCILMAN O'NEILL: Mr. Cade,
24 Councilwoman Reynolds Brown has come back
25 in, and she will be anxiously awaiting

1
2 that 800 number after you get up from the
3 witness stand.

4 Panel No. 3 I have listed
5 Veronica Wentz, Linda Villacazzi Tulane
6 and David Van Nekirk.

7 Identify yourself for the
8 record, and same request, if we can.
9 Written testimony will be submitted for
10 the record and you can summarize.

11 MS. WENTZ: Sure.

12 Hello. My name is Veronica
13 Wentz, and I'm the Web site and new media
14 director with Greater Philadelphia
15 Tourism and Marketing Corporation. I had
16 been to a similar hearing in September,
17 and again I would like to make the case
18 for Wireless Philadelphia.

19 The world's most widely read
20 travel magazine, National Geographic
21 Traveler, has named Philadelphia
22 America's next great city in its October
23 issue. This story provides an
24 exceptional opportunity to showcase
25 Philadelphia as a sophisticated

1
2 destination.

3 While our history has always
4 set us apart, our arts and cultural
5 attractions, restaurants and nightspots
6 are also impressive and well-deserving of
7 this extraordinary recognition.

8 This story showcases
9 Philadelphia as the invigorating
10 destination it is, and, in doing so,
11 lends us an invaluable hand in our effort
12 to expand the City's image.

13 What makes Philadelphia the
14 next great City? There are several
15 things, and Wireless Philadelphia we
16 believe is certainly one of them.

17 One of the strongest benefits
18 that GPTMC sees from this vast, free WiFi
19 zone covering the entire city would be
20 the enhanced image that it brings
21 Philadelphia in the eyes of visitors and
22 potential visitors.

23 While the actual benefits of
24 WiFi availability to visitors including
25 the access for them to conveniently use

1
2 the service to make a reservation are
3 very significant and would be helpful to
4 attracting visitors, the fact that there
5 would be a vibrant public people in
6 public spaces filling up the sidewalks
7 and public spaces would only make
8 Philadelphia more attractive to visitors.

9 The city will look
10 contemporary, dynamic, hip and brimming
11 with activity, all of which are desirable
12 traits for any City. This enhanced image
13 translates to attract potential residents
14 and businesses and more visitors to
15 Philadelphia.

16 WiFi will strengthen
17 Philadelphia as a competitive location.
18 It will enhance the visitor Philadelphia
19 experience. It will also lend to greater
20 delivery of public services and show a
21 strong investment in the city and the
22 people that live in the City of
23 Philadelphia.

24 It's really great that we are
25 connecting all the dots among our

1
2 neighborhoods, public squares, tourist
3 attractions and museums through improved
4 transportation routes like the
5 Philadelphia Phlash, pedestrian walkways,
6 bicycle lanes, and directional signage.
7 We can also stay connected through
8 communications systems, and Wireless
9 Philadelphia is proving to be the
10 invisible thread that holds this all
11 together.

12 The Philadelphia Cloud was
13 developed as the interface for
14 Philadelphia's wireless network, and over
15 4,000 members across Love Park and the
16 Historic Area have used the pilot zones.
17 Museums, businesses and organizations
18 along the Parkway and Historic District
19 can update The Cloud information with
20 their unique, relevant information to
21 WiFi-enabled laptops, PDAs and cell
22 phones.

23 The Cloud has helped cultural
24 institutions like the Franklin Institute
25 promote the current Body Worlds exhibit.

1
2 It was utilized by hundreds of visitors
3 and the media during the Live 8 Concert
4 on the Parkway this past summer. And
5 AOL's groundbreaking Internet Web cast of
6 the worldwide Live 8 concerts had more
7 than 5 million people tuning into the
8 concert coverage on-line, which bested
9 the TV viewership of the concert.

10 During the Campus Philly
11 Kick-off festival in September nearly
12 10,000 college students learned that the
13 Parkway is a hot zone. Philadelphia
14 Cloud partnered with Campus Philly and
15 the City who produced the event and
16 assigned live, roving reporters who
17 provided festival highlights, talent
18 lineup information, they exchanged
19 photographs, and reminded students that
20 all of the museums were open for free
21 with college ID by using simple text
22 messaging on their mobile phones.

23 College students today will be
24 going from a wireless campus and
25 hopefully to a wireless city and stay

1
2 here and take advantage of the technology
3 that Philadelphia has to offer.

4 Information was shared on where
5 to go after the Campus Philly Kick-off
6 and what else was planned for the
7 week-long festivities including
8 internship fairs and graduate student
9 mixers. Students were able to
10 communicate with other students like
11 never before due to the mobility,
12 flexibility, collaboration, and
13 communication that only wireless access
14 can bring.

15 Benefits to visitors will
16 include being able to Google train
17 schedules in Love Park, find a shoe sale
18 while strolling Market Street, read a
19 biography of Ben Franklin on their way to
20 tour Independence Hall or pay a parking
21 ticket without ever standing in line.

22 The benefit to business
23 travelers is invaluable and they can
24 extend their stay without ever having to
25 worry to get back to the office.

1

2

At this time about 300

3

municipalities around the country are

4

undertaking broadband experiments, but

5

none of them are as extensive as what

6

Philadelphia is planning now.

7

For example, in November New

8

Orleans opened a media center that served

9

as the city's central voice in promoting

10

a positive message of New Orleans'

11

recovery and rebirth to an international

12

audience.

13

The media center served as a

14

resource for journalists covering New

15

Orleans' approach to Mardi Gras as the

16

unofficial reopening to visitors from

17

around the world. The center provided

18

high-speed and wireless Internet service,

19

cable news access and computer resources.

20

Wireless access was a key component in

21

aiding the industry's and the city's

22

continuing resurgence.

23

San Jose's Convention and

24

Visitors' Bureau --

25

COUNCILMAN O'NEILL: Excuse me,

1

2 Miss Wentz.

3 MS. WENTZ: Too long?

4 COUNCILMAN O'NEILL: Too long,
5 and I also understand that the court
6 stenographer does not have a copy of it.7 MS. WENTZ: No, I didn't know
8 she required one.9 COUNCILMAN O'NEILL: If you
10 could summarize it and give her the full
11 copy, it would be great.12 MS. WENTZ: Okay. I'll
13 certainly do that.14 Anyway, it is all about access
15 and convergence for everyone, and that is
16 what's so great about the Wireless
17 Philadelphia plan. It's now an essential
18 infrastructure, one that visitors,
19 residents and tourists can all enjoy.
20 Thank you.21 COUNCILMAN O'NEILL: I
22 understand you won't be around -- our
23 next two witnesses won't be around in
24 Philadelphia on the 30th for the next
25 hearing, but we really appreciate you

1
2 having come so far to testify, and we
3 want to really welcome you to the city
4 and hope you enjoy the time you have
5 here.

6 Could you identify yourself for
7 the record?

8 MS. SALANI: Thank you,
9 Councilman.

10 My name is Linda Villagas
11 Salani. I come from Johannesburg, the
12 City of Johannesburg in South Africa.
13 I'm currently the head of the economic
14 development department there. We have
15 been around for a week now, and this was
16 an opportunity to come in and have a
17 short stay in this hearing.

18 I think, just to put things
19 into context, we, as the City of
20 Johannesburg, have actually for a while
21 been looking at going wireless and
22 broadband. And we had decided to take on
23 the study too. The idea was to say this
24 is not about anybody being first or best,
25 but it is about how you do it well, and

1
2 fortunately we have picked up some great
3 similarities between Johannesburg and
4 Philadelphia.

5 The key interest for us to be
6 involved in broadband wireless has been
7 purely to drive economic development,
8 especially in areas that are declining in
9 terms of economic activity. So we are
10 hoping to use broadband wireless to spark
11 off economic activity and give access to
12 the majority of the people in South
13 Africa who actually do not have easy
14 access.

15 We hope that the outcome of
16 that will be stimulating small business
17 development, there would be more
18 businesses coming into Johannesburg, and,
19 as you have also alluded in this hearing,
20 that lots of other benefits would be
21 picked out of that.

22 We have found it interesting to
23 listen to your business model and I think
24 we have picked up quite a lot of wisdom
25 in that, and we believe that this visit

1
2 for us would actually add positives to
3 our plan.

4 I think, in summarizing this,
5 just to give you a sense, Johannesburg
6 has a population of 3.4 million people.
7 Almost 50 percent of them live in areas
8 that were previously disadvantaged. We
9 have quite a high unemployment rate of
10 over 32 percent, so, as you can see, if
11 we can be able to have wireless and
12 broadband, there would be quite a lot of
13 benefits to South Africa.

14 I think in conclusion all I can
15 say is that success for Philadelphia in
16 this project would actually have positive
17 impacts elsewhere in the world including
18 Johannesburg. Thank you.

19 COUNCILMAN O'NEILL: Thank you
20 very much.

21 MR. FUNIKER: Thank you, Mr.
22 Chairman.

23 My name is David Funiker. I
24 also work for the economic development
25 unit and I'm responsible for economic

1
2 sector support. We have selected the ICT
3 sector as one of our sectors to support,
4 and thank you for this opportunity to
5 address you.

6 Just to give you some
7 indication of how big the problem is,
8 there is a local group in Jerberg called
9 My ADSL that did an analysis of how
10 expensive broadband Internet access was
11 in our city, and in our country in fact.
12 And what they did was they worked out
13 that it would be cheaper and faster to
14 get into a plane, travel to Hong Kong,
15 which is actually a ten-hour flight, walk
16 into an Internet cafe, download the
17 gigabyte of information, go back to the
18 airport and fly back to Johannesburg. It
19 would be cheaper and faster. So that is
20 the scale of the problem that we have in
21 the country and it is based on
22 essentially a monopolistic telecom
23 supply.

24 So with that, we have
25 approximately 10 percent access to the

1
2 Internet in our City and perhaps below 1
3 percent of that would be high-speed
4 broadband access. So it is a huge
5 problem, and we have been very fortunate
6 to be working with and looking at what
7 you have been doing in the city and
8 looking at your progress in terms of the
9 business model.

10 We have also visited some of
11 your pilot sites yesterday and it was
12 very instructive to see that they are
13 actually working and that people of the
14 community are actually using them, and so
15 we thank you for this opportunity, and
16 when you are making your decision later
17 in March, be sure that the decision that
18 you make is not only for the benefit of
19 the citizens of this city, but also this
20 country and the rest of humanity.

21 So we will be looking closely
22 and we thank you for this opportunity.

23 COUNCILMAN O'NEILL: We hope we
24 can be helpful to our brothers and
25 sisters in South Africa. Thank you very

1
2 much for your testimony.

3 Next panel is Panel 4, Gloria
4 Guard, Jane Shull, Beverly Harper.

5 I guess you're representing the
6 panel today. And they can come back.
7 The one nice thing about going so long is
8 some people could leave if they had to.

9 Identify yourself for the
10 record and summarize if you can and we
11 will make sure your full statement is in
12 the record.

13 MS. SHULL: My name is Jane
14 Shull. I'm the director of Philadelphia
15 Fight, which is an AIDS service
16 organization in Philadelphia, and I want
17 to thank you for the opportunity to
18 testify here in support of the wireless
19 initiative and for hanging in there to
20 listen to those members of the public who
21 hung in there with you.

22 I'm here today because one of
23 the many services that Philadelphia Fight
24 provides is wireless -- is dial-up
25 services through the Critical Path Aids

1
2 Project. Crit Path is an Internet
3 service provider that for about ten years
4 has been providing fee dial-up access,
5 free e-mail accounts, Web hosting, list
6 serves, meaning e-mail lists that people
7 can communicate with each other on
8 various other services. We have a help
9 desk so that people who are really
10 unfamiliar with the Internet can get
11 access to it, and for the past five years
12 we have also offered Internet services to
13 the family support centers in 19 public
14 schools where we have been giving them
15 Web pages and access to the Internet.
16 There is more, but I will skip it.

17 We provide these services for
18 people living with HIV and AIDS because
19 the World Wide Web is where the
20 information is. This is not only true
21 for HIV. Health information is widely
22 available on the Web regardless of what
23 your situation is, and contrary to what
24 you may hear, much of it is reliable, is
25 up to date and is helpful. Often the

1
2 information that an individual can get
3 from the Internet will guide them to
4 better healthcare and better choices and
5 better life chances, and in a world where
6 you are lucky to get more than five
7 minutes with a doctor, being able to ask
8 the right questions is really important.

9 We in the AIDS community in
10 Philadelphia were fortunate because the
11 founder of the Critical Path AIDS
12 Project, the late Kiyoshi Kuromiya, gave
13 us the Internet before many other
14 nontechnologically inclined people had
15 access to it.

16 We learned in the 1990s to use
17 this tool to work together, to work with
18 others nationally and internationally.
19 And so we know what it means to be ahead
20 of the curve because in using the wired
21 Internet we were ahead of the curve. We
22 saw the Internet used as a tremendous
23 tool for good in the first years of this
24 decade when international organizations
25 such as Doctors Without Borders

1
2 circulated petitions worldwide that
3 eventually led large pharmaceutical
4 companies to lower their prices on AIDS
5 drugs in third-world countries. And that
6 work, in turn, led to the involvement of
7 Bill Gates and Bill Clinton to begin to
8 turn that tragedy around.

9 We learned to communicate
10 instantly with clinicians and activists
11 and other communities for the most
12 up-to-date information to learn about new
13 drug trials, new approaches, and better
14 alternatives for people living with HIV.

15 Just yesterday somebody asked
16 me if I could help find a doctor for a
17 son of a friend of his in a city where I
18 don't know anybody and by this morning I
19 was able to offer him three clinics and
20 two private doctors, and the reason was
21 the Internet, that I was able to e-mail
22 people and other people e-mailed other
23 people, and of course you could have done
24 all of this with phone calls, but it
25 would have taken four times as long and

1
2 you might not have been able to get
3 through. So this is the kind of
4 difference we have seen the Internet make
5 for people.

6 In our ten years of providing
7 these services, we have grown to serve
8 over 8,000 people in all the area codes
9 in this region. Most of them are low
10 income. Most of them have limited
11 education. Many of them are reading well
12 below a high school level, but all of
13 them, because they were motivated to
14 learn, have figured out how to set up a
15 dial-up account from home and to utilize
16 these services, and that's really why I'm
17 here, to say to you that we know, because
18 we have been doing it, that people who
19 are low income and who have limited
20 education, if you give them the tools,
21 they will use the tool. They will learn
22 to do it. They will learn to connect.
23 They will learn to access the Internet,
24 and they will be able to get the kind of
25 information that would not otherwise have

1
2 been available to them, and we know
3 because we have been doing it.

4 And I think that with the lower
5 rates for low-income people as proposed
6 and with opportunities we hope for some
7 people who are really desperately poor to
8 get access for free, we have no doubt
9 that people will take advantage of this.

10 I finally just want to say,
11 skipping here, that I have emphasized
12 healthcare because that's what my
13 organization provides and there are other
14 people who can talk to you about economic
15 opportunity, but I also want to point out
16 that this is also about citizenship, and
17 our future as a society lies in an
18 informed citizenry.

19 If my spouse, former Councilman
20 Ed Schwartz, were here today, he would be
21 talking to you about neighborhood
22 organizations and block captains and
23 networks that he has been doing for the
24 past 15 years and he would be talking to
25 you today about how if by doing this we

1
2 can get two times, three times, ten times
3 as many people in Philadelphia on the
4 Internet, the difference that it would
5 make for civic involvement in this city
6 whole really be absolutely incalculable.

7 Finally, I would just close by
8 saying that the wireless initiative
9 really includes a serious commitment to
10 make the Internet accessible to
11 low-income people. I urge you to support
12 it for the people who we serve, for the
13 people who you serve.

14 Thank you for your time.

15 COUNCILMAN O'NEILL: Thank you.

16 We now have Panel 5, Judy
17 Miller, Bailey White and Donald Campbell.

18 Please begin. Again, I request
19 brevity, and if you have written
20 testimony, the stenographer will enter it
21 for the record. Thank you.

22 MS. MILLER: Thank you,
23 Chairman O'Neill. My name is Judy
24 Miller. I'm president and founder of
25 Ninth Wave Media, a women-owned business

1

2 based in Ohio. I'm also an educator and
3 a fierce advocate for the educational use
4 of the Internet.

5 When I heard about Wireless
6 Philadelphia, I heard about it through
7 the Internet, and I immediately sent
8 Dianah Neff an e-mail. I have been
9 advocating for the educational use of the
10 Internet for so long and I thought, "Wow,
11 Philadelphia gets it and I want to be
12 part of that."

13 And, thus, after meeting with
14 Dianah, it was just a wonderful
15 experience in terms of them launching and
16 developing two portals. I have developed
17 the portal for Olney in Norris Square and
18 the portal is currently live. It has
19 been updated every day since July 26 at
20 the launch, and I will just briefly
21 explain how it is being used, what we are
22 doing with it, and why I still believe
23 that Wireless Philadelphia needs to go
24 forward.

25 We currently are providing over

1
2 300 free e-mail accounts to residents of
3 Philadelphia who could not log onto the
4 network because they needed an e-mail
5 address. We have had over 11,000 unique
6 visits to the portal, which offers local
7 news, local content, features.

8 And I want to say right now I
9 did not do this alone. I am in
10 collaboration with Lutheran Children &
11 Family Service and Tech Access PA, and
12 together we co-authored a curriculum
13 which is being implemented. We are
14 graduating students. The projections are
15 that over a hundred, many of them
16 seniors, will be graduating from this
17 program by the end of the one-year
18 anniversary of the network.

19 In the classes even during --
20 as an aside, even during the bus strike
21 the students in the class got to the
22 class. We thought nobody would show up
23 that night. Everybody got there.

24 As far as going forward, the
25 purpose of the portal, we have identified

1
2 four significant ways to impact the
3 community, one in terms of just
4 government. And I just thought I would
5 quickly give you a story what we ran a
6 couple of weeks ago in terms of a health
7 alert story that tied into a press
8 release from the Pennsylvania Department
9 of Health on an anthrax case at Mansfield
10 University.

11 We digested that press release,
12 and instead of scaring everybody about
13 that, our headline was it's not a threat,
14 it's no problem, don't worry about it.

15 So the potential to use the
16 portals to disseminate accurate
17 information from government agencies is
18 phenomenal, and we definitely want to
19 expand that area.

20 In terms of links on the
21 portal, we have many links right now into
22 government services and we would like to
23 expand that to include more training on
24 what those services can do.

25 As far as education, we are in

1
2 support of the School District's efforts
3 in building literacy with test prep using
4 local news to enhance vocabulary, those
5 kinds of skills.

6 And as far as business, we are
7 ready to launch what we are calling a
8 small business incubator for small
9 businesses that cannot get on-line
10 because of complexity or cost. We have
11 taken all of that away or we provide the
12 tools so that they can get on-line,
13 conduct E-commerce and understand how to
14 do business on the Internet. We provide
15 the back-end tools at very low cost. So
16 that's a significant portion of our
17 efforts in terms of profiling small
18 businesses in Philadelphia, which we are
19 doing already.

20 In conclusion, I just want to
21 thank everyone for the time today and
22 again reiterate my belief that Wireless
23 Philadelphia will really set the standard
24 nationwide for how a network can be used
25 for meaningful learning, not just access,

1
2 but meaningful learning, and that's what
3 our goal is across all ages, from kids to
4 seniors, that that will change lives,
5 transform lives, and build a learning
6 society. Thank you.

7 MR. WHITE: My name is Bailey
8 White, and it is my pleasure to be here.
9 I'm a consultant for Cividium and have
10 also been involved in several of the
11 pilots. Judy Miller's portal has fielded
12 two and I was in charge of two other
13 ones, the ones in the Center City area,
14 the Historic District and Love Park.

15 It is my pleasure to report to
16 you that we have had over 5,000 people,
17 unique people, use the network since it
18 has been in operation. We average over
19 3,000 log-ins per month. So the demand
20 is really quite high, even though the
21 advertising and awareness for these
22 networks I would argue is quite low in
23 this City.

24 So I believe you really have
25 with this operation tapped into something

1
2 that people really want and that people
3 are excited about.

4 I've worked with WHYY; with
5 GPTMC; with GPCA, the Greater
6 Philadelphia Cultural Alliance; with the
7 Franklin Institute, with the Parkway
8 Foundation, and with many other entities,
9 which I should give credit to but won't
10 due too time, that are very excited about
11 this network and the possibilities it
12 brings to Philadelphia.

13 What I would like to present as
14 an exhibit and record are over a thousand
15 comments that we have received during the
16 time we have run this pilot. If I may, I
17 will mention just a couple of them and
18 then submit it to you.

19 So when we first started asking
20 users for comments, this was the very
21 first one we received. "It is very
22 convenient for me. It helps me keep in
23 touch with various tasks while at work.
24 This way I have more time for my children
25 when I go home at night instead of to my

1
2 computer to work." That was the very
3 first comment.

4 The next one, "It's great that
5 you have a wireless signal set up a Love
6 Park. I would never be able to get my
7 schoolwork done without it."

8 I won't go through and read all
9 of these, but let me mention a couple
10 others that give you some more
11 perspective. "I'm a small business
12 owner. This service is the best perk
13 that our city offers small businesses. I
14 can work inexpensively in coffee shops,
15 which keeps my operational costs low."

16 One more, and I will just close
17 with this, "Philadelphia Wireless is a
18 great idea. It's probably one of the
19 reasons I will stay in Philadelphia to
20 create my business."

21 So, again, I commend you on
22 your excellent work. Thank you.

23 COUNCILWOMAN BROWN: You're
24 welcome.

25 MR. CAMPBELL: Good afternoon.

1
2 I am Don Xavier Campbell, the media past
3 president for the Black Data Processing
4 Association, the Philadelphia Chapter.

5 It is obviously our pleasure to
6 be here. The Philadelphia Chapter of
7 BDPA is the original chapter for this
8 organization, which was founded here in
9 Philadelphia back in 1975. It is the
10 oldest technology affinity group in the
11 country. We have some 300 members here
12 in the Philadelphia area and some 4,000
13 members around the country, in the UK,
14 and in Canada with some 55 chapters
15 around the country.

16 Fortunately, quite a few of
17 those chapters are in the footholds of
18 municipalities that have engaged in
19 wireless technology, so we do have a very
20 first-hand understanding of what is
21 taking place.

22 You know, it is interesting.
23 BDPA was found under the premise to help
24 individuals move from the classroom to
25 the board room to ensure that there is a

1
2 level playing field for those that are
3 engaged in technology, but, more
4 importantly, to ensure that there was a
5 future for those that are in a minority
6 class to be active participants and
7 recipients of the values of technology.

8 Today, no different than
9 yesterday, the challenges are still the
10 same. I will be relatively brief, but
11 one of the things I want to bring to your
12 attention is our goal is to increase the
13 awareness, acceptance, and utilization of
14 technology by the minority community, not
15 just the hand-me-down aspect, but the
16 true embracement of technology.

17 As such, our local agenda
18 provides training, mentorship programs,
19 awareness programs for our stakeholders
20 which includes students, entrepreneurs,
21 business owners, and, to your comment,
22 Councilman Rizzo, older adults. That is
23 a very large part of the focus of our
24 agenda.

25 As such, we are constantly,

1
2 constantly exposed to the ill effects or
3 the lack of digital inclusion in the
4 areas of the digital divide.

5 We have first-hand knowledge
6 and involvement with individuals in small
7 businesses that are feeling the negative
8 impact of not being connected and having
9 access to those tools. Unfortunately, we
10 hear the first-hand desperate pleas for
11 citizens crying for help. We hear and
12 see the ill effects of frustrated
13 students who find that the only time they
14 can do their homework at 6 o'clock in the
15 evening because of having a part-time job
16 after school. Unfortunately, at 6:00 in
17 the evening the Philadelphia Library
18 system is closed. Most of the recreation
19 centers that they can utilize for
20 technology are closed. Most of those
21 community technology centers, while doing
22 a very good job, are closed. Those
23 individuals are feeling direct, direct
24 impact.

25 Across the nation, whether it

1
2 is in San Francisco, Seattle, Austin,
3 Grand Rapids, Michigan, it hasn't
4 mattered. Those cities have seen a
5 tremendous benefit from this wireless
6 technology. Imagine, those cities are
7 doing it on a very small scale. Imagine
8 what a city with the 1.5 million
9 population of Philadelphia, if we were to
10 fully embrace this and have the positive
11 vote of City Council, imagine the
12 ultimate benefit we could produce.

13 Three weeks ago BDPA had the
14 pleasure of managing and coordinating a
15 citywide event heralded as the Black
16 Family Technology Awareness Week Program.
17 During that time frame we directly
18 touched and impacted some 2000 residents,
19 citizens, of Philadelphia, teaching them
20 from the basics of technology, having
21 seniors that for the very first time in
22 their lives were exposed to computers,
23 who, for the first time in their lives,
24 were able to navigate their way through
25 the Internet. Unfortunately, those same

1
2 seniors are in apartment buildings that
3 will not allow hard wiring to allow them
4 to participate in technology. Hence, the
5 need for a wireless connectivity.

6 As a part of that activity we
7 took an informal survey. During that
8 informal survey of those 2000
9 individuals, roughly just shy of 50
10 percent of them, fortunately, had a home
11 computer. Unfortunately, though, that
12 was just those individuals that
13 responded. And of those 50 percent that
14 did have a home computer, only 20 percent
15 of them had high-speed access.

16 So, again, the problems are
17 relatively obvious. The solution,
18 however, is also obvious, that being
19 Wireless Philadelphia, which can address
20 both the need for home computing and
21 access to connectivity. We firmly
22 believe that Wireless Philadelphia will
23 position Philadelphia to not only be
24 revered as a city that has embraced
25 technology, but more so a city that is

1
2 actively participating in eradicating the
3 digital divide.

4 In closing, I would like to say
5 that partnerships, relationships,
6 collaboration is the only way that this
7 is going to happen. Wireless
8 Philadelphia as an entity will not do it
9 by itself. It does require the support
10 and assistance of organizations such as
11 BDPA and those others that you have heard
12 from today.

13 I would like to offer that we
14 are definitely in support of Wireless
15 Philadelphia and strongly, strongly urge
16 City Council to approve the streetlight
17 access and the service agreements before,
18 before, adjourning for the summer. A
19 delay cannot make this work positively.

20 I thank you for your time and
21 attention on behalf of the members of the
22 BDPA family. Thank you.

23 COUNCILWOMAN BROWN: Thank you
24 for your testimony. Please, if you
25 would, just comment on the mentorship

1
2 programs you have in place.

3 MR. CAMPBELL: Currently we
4 have mentorship programs that include
5 students that are either in middle
6 school, high school and also into the
7 collegiate ranks. As a part of that
8 process, we provide them with hands-on
9 training, we provide them with skills and
10 exposure to business professionals that
11 they would ordinarily not get to.

12 We go beyond the shadowing day
13 activities that are currently in place in
14 the city and we don't do it just for one
15 day out of the year. This is an ongoing
16 process. We believe you cannot have
17 impact when it is just for one short
18 period of time, one burst of time, but
19 through sustained programs.

20 Citywide on average we have
21 around 75 to 85 kids that are part of
22 that enrollment that are in the
23 Philadelphia School District and another
24 25 to 45 students that are part of the
25 high academia world that are coming from

1
2 Temple University and Drexel University.

3 COUNCILWOMAN BROWN: How are
4 they identified?

5 MR. CAMPBELL: They are
6 typically identified -- the high school
7 and middle school students are identified
8 typically through their technology leader
9 within that particular school that has
10 identified, and we strongly request that
11 we do not want the cream of the crop.
12 Those students tend to be
13 self-sufficient. We tend to focus on
14 those individuals that are borderline,
15 that our program and services can give
16 the most impact as we see them succeed.

17 The college students are
18 typically associated by their deans.

19 COUNCILWOMAN BROWN: Thank you
20 for your testimony.

21 Questions from members of the
22 committee?

23 Very well. Thank you very
24 much.

25 COUNCILMAN O'NEILL: We have

1
2 Panel No. 6, Stan Pokras, Jonathan Stein,
3 Danielle Redden and Gretcha Klausing.

4 MR. POKRAS: My name is Stan
5 Pokras. I'm 59 years old and a lifelong
6 resident of Philadelphia. I have had an
7 interest in systems that help people
8 communicate since I ran an informations
9 store on South Street in 1970.

10 People need each other. People
11 need access to information, and systems
12 and services that provide access to each
13 other are a very important part of what I
14 consider to be the nervous system for the
15 human race. We are working to develop
16 this new nervous system, and this is what
17 we are talking about here today.

18 First of all, I want you to
19 know that I had absolutely nothing to do
20 with helping Al Gore invent the Internet.
21 I did create the first small computer
22 bulletin board system for gardening
23 information which was run by the
24 Philadelphia County Extension Service,
25 and I created the Philadelphia Energy

1
2 Network bulletin board where former City
3 Councilman Ed Schwartz first learned that
4 he can interact with local activists
5 through computers.

6 I currently am the executive
7 director of Nonprofit Technology
8 Resources, a computer refurbishing
9 program located in the Spring Garden
10 section of the City, and I am here today
11 in my role as the coordinator of an
12 e-mail list for community technology
13 centers known as the Community Technology
14 Centers Network or CTCNet. Locally we
15 have about 600 members from over 200
16 organizations represented on this list.

17 Community technology centers
18 provide an educational opportunity in
19 people's neighborhoods and are a key
20 factor in helping people who can't afford
21 computers to gain access and to learn how
22 to use computers right in their own
23 neighborhoods.

24 These centers are small
25 organizations in some cases, just a

1
2 couple of computers in a church basement,
3 or they can be as large as the \$12
4 million Honickman Learning Center and
5 Comcast Technology Center operated by
6 Project Home. I believe there were
7 several representatives of community
8 technology centers here in the room
9 today. I think most of them have gone
10 home. Anybody from a community
11 technology center left? No.

12 One important thing that I
13 would like the City Council to consider
14 is that this technology is not going to
15 go away. Other municipalities are close
16 behind us in planning to install wireless
17 networks; therefore, the question before
18 this Council is not whether to support or
19 not support this project. The question
20 is does Philadelphia have the courage to
21 lead now or will we be playing catch-up
22 later.

23 Who will benefit the most from
24 this network? Wireless access to the
25 Internet will benefit both large and

1
2 small enterprises as well as individuals,
3 but the people who are now working to
4 escape the shackles of poor education,
5 underemployment, broken families, and
6 depressed neighborhoods will be the
7 people who will benefit the most as they
8 work hard to build small enterprises.

9 Picture the door-to-door
10 salesperson who will be able to display
11 the world's goods through their laptop or
12 the artistic agent who will not be
13 limited by the size of a hard drive when
14 showing off a client's work, or the
15 importer of exotic items from far away
16 who is no longer tied to an office in one
17 spot but can do business anywhere the
18 wireless signal reaches.

19 These are the people who will
20 build the prosperous Philadelphia of the
21 future, but they need the jump-start that
22 this project will provide for them in
23 order to gain an advantage over other
24 regions of the country. This project can
25 be the turning point in which

1
2 Philadelphia builds a new economy and
3 provides new opportunities for all of its
4 people.

5 Let's face the fact that there
6 is no hope of new industry coming from
7 outside to employ large numbers of our
8 workers. Philadelphia must grow its own
9 new businesses and new industries. How
10 can we do this? By offering new, bold
11 opportunities for our citizens to express
12 their creativity and organize their
13 resources.

14 This wireless network is one
15 superb tool we can inexpensively acquire
16 to foster a dramatic increase in creative
17 enterprise growth. Let's not miss this
18 opportunity. Thank you.

19 COUNCILMAN O'NEILL: Thank you
20 very much.

21 MS. PERRY: My name is Karen
22 Perry with Karacom, and I'm a consultant
23 to Wireless Philadelphia, and I'm engaged
24 in community engagement and digital
25 divide, digital inclusion work, across

1
2 this market.

3 The piece that I sent you, I
4 think of it as soup and sandwich. I have
5 to admit that 30 years ago when I went
6 off to college, my dad told me whatever
7 you do, take computers too. Economics,
8 education, finance, it didn't matter what
9 you did, but dad said that being able to
10 use a computer as part of your work would
11 really differentiate you and make you
12 effective in the future. My dad was
13 right.

14 But now we are at the same
15 juncture again, but it's not just
16 computers. Now they call it ICT,
17 information and computing technology.
18 And it's not just having a computer, but
19 it is having a broadband connection to
20 the Web. And it's like soup and
21 sandwich. It goes better with
22 everything. It goes better with health
23 education. It goes better with health
24 information. It goes better with
25 education. It goes better with work

1
2 force development. It goes better with
3 citizenry. It goes better with
4 government services.

5 At this point in our society
6 having a computer and having broadband
7 access with that computer is really an
8 enabler to be able to do everything you
9 do effectively and more effectively.

10 The broadband penetration rate
11 in the State of Pennsylvania is 18 to 20
12 percent. That is just inadequate. This
13 isn't the only solution, but if we add
14 this solution to the others, it will be a
15 huge help. We have to help people with
16 broadband penetration.

17 I also just wanted to share
18 some stats with you that I picked up at a
19 conference that I was at last week. This
20 is the Municipal Wireless Conference that
21 is run by a woman named Ezby Boss, who
22 does a Blog that is very well-known in
23 the area of municipal wireless. And what
24 she does is she tracks many wireless
25 projects globally but specifically in the

1
2 US. And she took stats from July 2005
3 and then compared them to the stats of
4 February 2006, and I think you will see
5 the growth and the interest in this
6 technology is huge.

7 She tracked 122 projects in
8 July 2005. Six months later it was 186.
9 And that was operational hot zone and
10 people with concrete plans. Of those
11 that were operational the change went
12 from 35 to 56. Hot zones went from 22 to
13 29. People using it for public safety
14 including video surveillance, meter
15 reading as well as an increased usage of
16 cops and cars even at pretty good speeds,
17 that went from 28 to 42 in that six-month
18 time period. And planned deployments
19 went from 34 to 59.

20 Philadelphia, when we announced
21 this project, we were clearly the leader
22 and we still are the leader, but the
23 traction that we are seeing on this
24 technology and the applications for this
25 technology that we are seeing in six

1
2 months are huge. I know that the
3 EarthLink guys are not here, but I don't
4 think that the next Philadelphia can sign
5 a contract as good as the one that you've
6 got because they were very flexible in
7 trying to create a great deal and a
8 marquis opportunity for them, and it is
9 important to leverage your leadership and
10 keep on going.

11 COUNCILMAN O'NEILL: Thank you.

12 We are down now to our last
13 panel, which didn't start out as a panel,
14 and I don't know if they are still here,
15 Joshua Brightboart? Media Tank. Robert
16 Chaporak?

17 MR. TAPORAK: Taporak.

18 COUNCILMAN O'NEILL: This is
19 not my writing.

20 And Faye Dechter.

21 Is there anyone else here? Now
22 that we are down to one more witness
23 whose name we have, is there anyone else
24 here who wants to testify?

25 Come on up. Do you want to

1

2 testify? Grab a seat. Now is the time.

3 You can start. Identify

4 yourself for the record.

5 MR. TAPORAK: My name is Robert

6 Taporak. I'm representing Team Children,

7 a nonprofit organization in Audubon,

8 Pennsylvania, that has now managed to

9 collect, repair, and distribute over

10 6,000 computers. Approximately 4,000 of

11 them have gone to families in

12 Philadelphia. 1,500 of them have gone to

13 high schools and middle schools in

14 Philadelphia. A majority of them have

15 gone to minority women raising children

16 alone in poverty, and a large portion of

17 those families have children with severe

18 developmental disabilities.

19 I would like to thank the

20 Council for having me.

21 Sitting here today, I'm really

22 astonished, and I really want to commend

23 both Council and the first panel for the

24 tremendous amount of time and energy and

25 expertise and concern that you put into

1
2 this matter. And I want to start off by
3 saying I am for you passing this as soon
4 as possible. I have some rain clouds I
5 would like to bring in or some
6 considerations I would like you to
7 consider and I think they are important
8 parts of this whole bill and I haven't
9 heard anybody really address this issue.

10 The issue is digital inclusion.
11 So I think I have a little finger on the
12 pulse. Even though I'm in Audubon, I
13 think I have a finger on the pulse of
14 what is going on in the city. And just
15 recently Team Children donated, at our
16 expense, 20 computers to the Queen Lane
17 Community Center, and it is 301 West
18 Queen Lane. This is what they say: The
19 children in the program are mostly from
20 single-family households, very low
21 income. The Queen Lane Tenant Management
22 Corporation provides all the social
23 services that they get. The computers
24 that normally would cost \$160 would be
25 something they need to help give them

1
2 training about raising their children. I
3 know that without having some kind of
4 computer technology you will not be able
5 to function in any kind of decent job in
6 the future.

7 So it's really important I
8 think to get computers into the homes of
9 every family except I don't think this
10 Council realizes how inept the effort is
11 in the city. We have helped the Hunting
12 Park Community Development Corporation at
13 3961 North 9th Street get computers, and
14 I could just go on and on, and at some
15 point I will give this Council a list of
16 all the families and organizations that
17 we have helped in the City of
18 Philadelphia.

19 So the first thing I would like
20 to ask this committee to consider is
21 making an exception to whatever your
22 rules are for participation in the
23 digital inclusion program so that Team
24 Children, although we aren't located in
25 Philadelphia, continues to be included in

1
2 that effort. Okay? I will put that
3 request in writing.

4 COUNCILMAN O'NEILL: Put it in
5 writing and, if you can, be here on the
6 30th for the public testimony when I
7 believe EarthLink and.

8 MR. TAPORAK: Sign me up now
9 and put me at the top of the list.

10 COUNCILMAN O'NEILL: We will
11 have you to talk to Councilwoman Reynolds
12 Brown's staff because I think she is
13 going to be chairing that, but if you
14 could speak to Dianah Neff, who has been
15 sitting through all the public testimony
16 as well, and just let her know your
17 organization because she is on the board
18 of Wireless Philadelphia by virtue of her
19 position.

20 MR. TAPORAK: I will do that.

21 The next thing is that when I
22 was in the Army and I was taking basic
23 training and we learned how to shoot
24 rifles, the first thing they taught us
25 was to make sure you had your eye on the

1
2 target, so I have not heard anybody
3 mention really what the target is or what
4 the cost of this digital inclusion
5 project is, so I'm going to give you some
6 samples of what I'm talking about.

7 Contrary to what was previously
8 testified about it costing \$150 to give
9 somebody a computer, that came from
10 Computers For Schools. How they do that
11 I have no clue. We have no staff and we
12 have no funding and it still cost us
13 about \$160, \$175 to give somebody a
14 computer even though all the computers
15 are donated, even though all the work is
16 done by volunteers. So it cost a whole
17 lot more than \$150.

18 There was a bid in the School
19 District. They underbid everybody. They
20 got the contract. There were myself and
21 Stan Pokras, who are the major
22 distributors of refurbished computers in
23 the City. We chose not to bid on that
24 because it was a budget buster and there
25 was no way we could stay in business

1

2 meeting the requirements of that RFP.

3

4 Computers for Schools is a big
5 national organization. They have a whole
6 lot more going than we do, but in terms
7 of small programs in Philadelphia, we
8 could not meet that number.

9

10 In addition to that, if you
11 then add 40 or \$45 for a wireless card,
12 then you have increased the cost of the
13 computer and then you have to get it
14 installed and make sure it works, and
15 then you have to make sure that you
16 provide service.

17

18 So suppose that there are --
19 take that number. There's 590,000
20 households in Philadelphia. Nobody has
21 mentioned how many of those don't have
22 computers yet. I would estimate at least
23 10 percent. That's approximately 60,000
24 households. To give 60,000 households
25 computers is going to cost you about \$13
million. Where is that money going to
come from? That's just to get the
computer and get it refurbished, and

1
2 that's not delivering it and doing all
3 the other stuff. Where's that money
4 going to come from? I have no clue
5 because we have done everything we could
6 to get this project funded, and most
7 foundations do not want to fund the
8 distribution of computers to families
9 without training.

10 What I found is if you give a
11 family a computer, they learn how to use
12 it, and we have done surveys, Wharton
13 School did a survey, and they found that
14 most of the families -- there are other
15 people that believe you have to train
16 people before you give them a computer,
17 but, you know, in this day and age
18 somebody is going to figure out how to
19 use it. It is either a kid in the family
20 or somebody will figure out how to use
21 it.

22 So we're talking about \$13
23 million just to distribute computers to
24 10 percent of the families in
25 Philadelphia, and I think there is a

1
2 whole lot more than that. Lower it?
3 Okay. Let's just say there are 30,000.
4 You are talking about \$6,750,000. If
5 Wireless Philadelphia is only going to
6 get a million dollars, I have no idea how
7 much they plan to spend on digital
8 inclusion and how far that will go, and I
9 don't think it will go very far.

10 COUNCILMAN O'NEILL: Mr.
11 Taporak, I think your comments are very
12 good and I would ask you to take that
13 last matter you mentioned to Miss Neff as
14 you leave and come back on the 30th and
15 let this committee know particularly if
16 you have had any answers and ask them
17 again if you don't with Wireless
18 Philadelphia and EarthLink here. She is
19 sitting right here.

20 MR. TAPORAK: That is just my
21 concern.

22 COUNCILMAN O'NEILL: They are
23 excellent points and there may be some
24 good answers and you may be somebody they
25 want to embrace.

1

2

MR. TAPORAK: And the School

3

District does not have a real powerful

4

plan. At least in the three or four

5

years that I have been dealing with them

6

it has been nothing but upsets and

7

frustrations at dealing with getting

8

computers into those schools.

9

That's it.

10

COUNCILMAN O'NEILL: Thank you.

11

Councilman Rizzo would like to ask you a

12

followup.

13

COUNCILMAN RIZZO: You know, I

14

know you come from far out in Montgomery

15

County, but I will tell you I personally

16

and I'm sure my colleagues appreciate the

17

fact that there is not a whole lot of

18

suburban organizations, as far as I know,

19

that have helped out schools or

20

organizations here in the City of

21

Philadelphia. We really appreciate that

22

of you.

23

COUNCILMAN O'NEILL: And you

24

waited four hours to tell us that.

25

MR. TAPORAK: There is one

1
2 other thing. I was thinking about this.
3 This is really a monumental time in the
4 history not only of this Council, but of
5 the City, and I was thinking about it
6 this morning and I was saying, okay, a
7 revolution started here and this is
8 nothing short of a conversation about a
9 new revolution. The revolution is not
10 for independence. It is for
11 interdependence because once you have
12 access to the Internet, you have access
13 to a whole range of people all over the
14 world.

15 Thank you.

16 COUNCILMAN O'NEILL: Thank you.

17 Last, but not least. Identify
18 yourself for the record.

19 MR. BRITTEN: Thank you very
20 much for having me. My name is Simon
21 Britten. I'm a volunteer up in Olney.

22 COUNCILMAN O'NEILL: Could you
23 spell that?

24 MR. BRITTEN: S-I-M-O-N and
25 B-R-I-T-T-E-N.

1
2 I work as a volunteer up in
3 Olney in the new WiFi zone and I work for
4 two nonprofit organizations, Lutheran
5 Family Service -- maybe you heard the
6 name before -- and also for Tech PA. So
7 for them I work -- for Lutheran Family
8 Service I work in the senior center in
9 the mornings and there we also have two
10 computers in the back room where at the
11 moment are using WiFi Philly direct
12 Internet.

13 So we have seniors, for
14 example, looking up on-line to buy
15 something, or one of them, for example,
16 is also looking up flights because he is
17 flying around quite often and just
18 looking up receipts or just small things,
19 but a result is WiFi aren't able to do
20 that.

21 Furthermore, we also have the
22 computer class. We just started that
23 about like six months ago that we have
24 really no budget and no money, and so we
25 got some donated computers. We

1
2 refurbished them and created a computer
3 room and so now we have 12 computers
4 connected to the WiFi Philly, and with
5 that we give computer class just
6 yesterday. I am actually a computer
7 instructor, and just yesterday evening I
8 started the sixth class, so we already
9 have more than 50 graduates.

10 And basically if you know
11 Olney, the population up there is maybe a
12 little bit poor, and most of them, they
13 really don't have a clue what computer is
14 and actually we just give them or start
15 giving them the opportunity to really use
16 the Internet.

17 Actually, I started out
18 explaining, but they are very, very
19 interested in it, so the response is
20 massive, and most of us -- all the
21 classes were already booked and we had a
22 huge response and it would not be
23 possible without WiFi Philly because we
24 would not be able to face the financial
25 cost of the usual, regular broadband.

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Furthermore, I also work for a swift shop, and also in the swift shop we have that is across the street we have also one computer in the back room where I create like a photo album because we get furniture donated and I put that into a photo album on the Internet so that social workers and also people around in the area can look at pictures and then order furniture. So we distribute furniture off the Internet, and that also would not be possible without WiFi Philly because we would not be able to face the cost to just have one single computer for this because it would be too expensive.

COUNCILMAN O'NEILL: Thank you. Thanks for waiting.

MR. BRITTEN: Thank you very much.

COUNCILMAN O'NEILL: Thank you for your testimony.

The Joint Committees of Technology and Information Services and Public Property and Public Works stands

1
2 in recess until March 30 at 4:00 p.m.,
3 and at that time it will be for public
4 testimony only. And there will be
5 another hearing which will be announced
6 in the interim for all the parties that
7 were here today from EarthLink, to the
8 City Solicitor, to Wireless Philadelphia
9 to answer more questions as people and
10 Council get to absorb a lot of the
11 information they have received.

12 I want to thank everyone for
13 being here today and wish you well.

14 (The hearing adjourned at 2:30
15 p.m.)

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2

CERTIFICATE

3

I HEREBY CERTIFY that the

4

proceedings of the Joint Committees on

5

Technology & Information Services and

6

Public Property and Public Works of the

7

Council of the City of Philadelphia are

8

contained fully and accurately in the

9

stenographic notes taken by me on Friday,

10

March 10, 2006, and that this is a true and

11

correct transcript of same.

12

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Cynthia A. Whyte, RPR

19

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