MIAMIBEACH

OFFICE OF THE CITY MANAGER
NO. LTC # 272-2014

LETTER TO COMMISSION

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: August 7, 2014

SUBJECT: City Wi-Fi System

The purpose of this Letter to Commission is to provide information and statistics that were considered by the City Commission last year (September 24, 2013) regarding the utilization of the wireless Miami Beach Wi-Fi project when they accepted the recommendation in the FY 2014 budget to discontinue funding the system. Since a few individuals have reached out to some of you recently regarding their loss of the free Wi-Fi service, I thought it would be useful to revisit the analysis provided last year.

The WiFi Miami Beach project began with an RFP issued in July 2005. The City entered into an agreement with IBM in March 2006. An official "wire" cutting ceremony took place on October 30, 2009 and the network entered into a reliability period of 90 days during which the network was available for all users.

The City Manager accepted the network on January 29, 2010. After the system was accepted, as per the contract terms, the City started to pay IBM for maintenance as detailed in Table 1 below. Additionally, the City budgeted annually for replacing parts that were not covered by the maintenance and warranty provided by IBM ($60,000) and for the cost of the FPL agreement (approximately $13,000).

Table 1: Fee Schedule

Fiscal Year	FPL Budgeted	HW Contingency	IBM Maintenance	Total
half of FY 09-10	$ 13,000	$ 60,000	$ 264,424.50	$ 337,424.50
FY 10-11	$ 13,000	$ 60,000	$ 560,644.00	$ 633,644.00
FY 11-12	$ 13,000	$ 60,000	$ 610,024.50	$ 683,024.50
FY 12-13	$ 13,000	$ 60,000	$ 632,972.00	$ 705,972.00
FY 13-14	$ 13,000	$ 60,000	$ 651,392.00	$ 724,392.00
FY 14-15	$ 13,000	$ 60,000	$ 637,449.50	$ 710,449.50
half of FY 15-16	$ 13,000	$ 60,000	$ 305,224.50	$ 378,224.50
	$ 91,000	$ 420,000	$ 3,662,131	$ 4,173,131

The projected maintenance costs moving forward were assumed to remain in the $710,000 range for the near future. Furthermore, every four years the City would need to assume an

additional estimated $1,250,000 for equipment replacement.

When I was appointed the City Manager last year, I learned early on that the Wi-Fi system had not lived up to its expectations. First, the creation of the Wi-Fi network was supposed to eliminate the need of the City to spend approximately $500,000 for its own internet service needs. Unfortunately, because the system was slow and unreliable, it did not meet the City's needs and the City continued to spend the $500,000 on internet services. Secondly, the anecdotal information I received was that due to the slow and unreliable service, few people actually used the system. I also understood that the system had physical limitations once you went above a couple of stories in buildings. As such, I asked staff to determine how many of our residents actually relied on this system in order to determine whether spending nearly ¾ of a million dollars annually was justified.

On September 25, 2012, a new Portal was installed in the Wi-Fi system that began to maintain user accounts based on the following two rules:

1. Users who identified themselves as residents during the account creation process would have their accounts deleted after 6 months of not logging in.
2. Users who identified themselves as visitors during the account creation process would have their accounts deleted after 3 months of not logging in.

Using these two rules, the new Portal started to delete inactive accounts as highlighted below:

Date	Total Registered Users	Inactive Registered Users Deleted
4/9/13	35,600	15,108
4/10/13	20,492	
4/29/13	23,424	3,162
4/30/13	20,262	
5/30/13	24,815	4,735
5/31/13	20,080	
6/29/13	24,214	5,578
6/30/13	18,636	
7/30/13	23,068	4,875
7/31/13	18,193	
8/30/13	23,287	4,736
8/31/13	18,551	

Additionally, a sample of the utilization statistics provided the following highlights:

- For the weeks of September 9 and September 16, 2013:

    o every day = 247 users (Approximately 60 Residents and 185 Visitors)
    o at least three days a week = 1,119 users (Approximately 280 Residents and 840 Visitors)
    o at least once = 3,619 users (Approximately 850 Residents and 2,770 Visitors)

- The average age of all active user accounts is 87 days.

- There were approximately 15,000 visitor accounts and 5,000 resident accounts.

This data verified the anecdotal evidence that very few residents were regularly relying on the system. Based on this data, the City Commission adopted a budget that eliminated funding for the system.

The City asked IBM to provide an estimated annual cost savings based on redesigning the system from providing coverage citywide to providing coverage at select locations. Although IBM presented scenarios using approximately one-half and one-fourth as many WiFi routers as are currently installed and maintained, the annual associated savings in maintenance would have only ranged from $55,000 to $77,000.

In fiscal year 2013/14, the City began planning to re-scope the municipal WiFi project to deliver an enhanced WiFi signal to select facilities, rather than citywide, thereby reducing the need for annual funding from approximately $720,000 to $200,000. The City's IT department worked closely with Executive Staff to determine the select facilities and implementation schedule. By November of 2014, the IT department will have a free robust Wi-Fi system available at City Hall, and it is anticipated that by April of 2015 the IT department will have free Wi-Fi also available at North Shore Park Youth Center and Scott Rakow Youth Center. The goal is to eventually have free Wi-Fi at all City parks and any other facilities that are regularly visited by the public.

In the meantime, the IT department has taken over the temporary maintenance of the City Wi-Fi system. While the equipment is outdated and failing, we have done our best to continue to offer free City Wi-Fi until such time that City Hall, North Shore Park Youth Center and Scott Rakow Youth Center are online.

In conclusion, our free city-wide Wi-Fi system is failing and is on course to go offline by May 1, 2015. There is interest from our Police Department and Emergency Management to utilize components of the Wi-Fi backbone for internal purposes.

Please contact me if you have any concerns or require additional information.