

**STATEMENT OF DEPARTMENT OF INFORMATION TECHNOLOGY & TELECOMMUNICATIONS
ASSISTANT COMMISSIONER STANLEY SHOR FOR THE COMMITTEE ON TECHNOLOGY AND
SUBCOMMITTEE ON ZONING & FRANCHISES OVERSIGHT ON DOITT'S REQUEST FOR
PROPOSALS FOR NYC WIFI AND COMMUNICATION HUBS
WEDNESDAY, JUNE 18, 2014**

In 1999, the New York City Department of Information Technology and Telecommunications (DoITT) entered into more than one hundred franchise contracts for the installation, maintenance, and operation of public pay telephones on City sidewalks. The remaining ten of these franchises will expire on October 15, 2014.

The role of pay telephone service in public communications has changed dramatically since 1999. According to recent figures, 90% of American adults have a cell phone and nearly 60% own a smartphone.¹ Even so, there is still significant usage of sidewalk payphones to place 911 calls, and during Hurricane Sandy, payphone use reportedly tripled in areas lacking power. As such, communication services in public spaces remain relevant today. Additionally, as in the past, it is anticipated that there is the potential to offer new communication services on City sidewalks supported by advertising income. On April, 30 2014, DoITT issued a Request for Proposals (RFP) to transform the City's public telephones into a citywide network of Wi-Fi hotspots and state-of-the-art communication hubs with the goal of making information and communications services in public spaces more accessible and reliable. Responses to the RFP are due by July 21, 2014 at 5PM.

This RFP is based on substantial input from the public and interested parties, including a widely publicized Request for Information on the future of the payphone issued in July 2012 and the subsequent 'Reinvent Payphones' public design challenge held in 2013. The RFP is structured to allow a range of proposals – from relatively simple designs to more elaborate, high-tech communication devices with a variety of service offerings and capabilities. In addition to 24/7 free Wi-Fi, the communication structures will continue to offer phone services, including free 911 and 311 calls. New services may also include cell phone charging stations and touch screens that provide information or facilitate business transactions. Additionally, these installations could provide the City with an added means of disseminating emergency notifications and information during citywide events. Proposers are also encouraged to include the use of independent power sources, such as solar energy.

The City is looking to facilitate a seamless network of Wi-Fi hotspots to offer New Yorkers sidewalk internet access in all five boroughs. According to studies by Nielsen and Pew, nearly 60% of US adults own a smartphone and adoption is increasing at a rapid pace. Smartphone ownership is higher than average amongst African-American and Hispanic groups as well as individuals ages 18-29. For young adults with a household income of \$30,000 or less, smartphone ownership rates are equal to the average.² More than a quarter of smartphone users rely on their devices and personal cellular data as their primary means of getting online. Groups more likely to say that they mostly go online using their

¹ Pew Research Internet Project. "Mobile Technology Fact Sheet," January 2014, <http://www.pewinternet.org/fact-sheets/mobile-technology-fact-sheet/>

² Nielsen. "Multiplying Mobile," March 2014, <http://www.nielsen.com/us/en/newswire/2014/multiplying-mobile-how-multicultural-consumers-are-leading-smartphone-adoption.html> and Pew Research Internet Project. "Smartphone Adoption and Usage," July 2011, <http://www.pewinternet.org/2011/07/11/smartphone-adoption-and-usage/>

smartphones include individuals under the age of 30, non-white users, and smartphone owners with relatively low income and education levels.³ Providing free wireless web access in public spaces to individuals who might lack access to affordable alternatives is an important step in enhancing digital inclusion across our city.

There are currently 10 franchisees operating approximately 9,000 public pay telephones on New York City's sidewalks using equipment of varying age, function, design, and reliability. To provide the most innovative, effective, and efficient new public services, the City is currently expecting to award one franchisee contract under the RFP. Awarding a franchise to single entity (which may be a joint venture or partnership among different companies) among competing proposers is intended to maximize the resulting public benefits including:

- Continuous Wi-Fi access so that individuals are able to stay connected to an integrated system as they travel through the five boroughs;
- Consistent design, interface, landing page and log-in elements that will provide a user-friendly experience;
- Avoidance of unnecessary sidewalk clutter resulting from multiple providers seeking access to the same prime advertising panel locations;
- Network scale sufficient to incentivize proposals for initial capital and ongoing investment that will maximize the benefits to the public.

In addition to proposals from individual operators, the City encourages companies to form joint ventures or other types of partnership for the purpose of submitting a proposal and the subsequent operation of a franchise.

Designs will be evaluated on the basis of functional efficiency, aesthetics, security, durability, adaptability for various environments around the city—including historic districts and individual landmarks—and accommodation of people with disabilities. Preference will be given to proposals that demonstrate the greatest public benefit from the services and the local economic opportunities presented by this initiative. In addition to the creation of new jobs for the development, servicing and maintenance of the communication structures, the City expects that the services themselves will help support job seekers, freelancers, residents in need of affordable broadband services, small businesses, the local tech industry, and visitors.

The winning proposal will provide for the installation, operation, and maintenance of up to 10,000 public communication points distributed across the five boroughs. These structures will replace and supplement the roughly 7,000 current public payphone installations across New York City. The franchise will produce at least \$17.5 million in guaranteed annual revenue for the City of New York.

For more information and to download the RFP, please visit nyc.gov/DoITT. Again, responses to the RFP are due by July 21, 2014, at 5 PM. The City anticipates the signing of a contract for this initiative by the end of 2014.

Thank you for the opportunity to submit this testimony.

³ U.S. Census Bureau, "Computer and Internet Use in the United States." May 2013. <http://www.census.gov/prod/2013pubs/p20-569.pdf> and Pew Research Internet Project. "Home Broadband 2013." August 2013. <http://www.pewinternet.org/2013/08/26/home-broadband-2013/#fn-40-4>