



Municipal Broadband Project

City Council Meeting

February 4, 2016

Broadband Timeline-12 Months

- February-March 2015 – Feasibility Study
- April-May 2015 – Business Plan Development
- June-August 2015 – Renegotiation of Cell Tower
- September 8, 2015- Broadband Workshop(Public)
- September 17, 2015 – Business Plan presented and accepted by Council resolution
- October 2015 – RFPs sent out for design, construction, materials & equipment
- November 2015 – Financing RFP sent out
- December 1, 2015 City Council Workshop
- January 7, 2016-City Council Meeting-Negotiations with Private
- **February 4, 2016-**

City's Particular Data Needs

- GIS/Mapping performance for Public Safety and Public Works Sites
- PD Offsite Video Backups – currently not done
- Camera Security Systems for facility security can be located at central-site
- Increased Wireless Bandwidth for facilities
- Being able to utilize higher bandwidth internet connections through City Hall Internet (not have bottlenecks for internet access)
- Provide reliable access (Fire Stations and Maintenance facilities)
- Electronic Plans submissions for Building Department

Current vs. Proposed Data Targets

	Internet	Bandwidth
	<u>Speed</u>	<u>(Inter-building)</u>
Current Speed/Bandwidth	100 mbps	100 Mb
FY 2016 Budget Plan	250 mbps	1 G
Broadband Proposal	1.5 Gbps	10 G (min.)

What are the Options

- BUY: Pay higher costs for more capacity from fiber service providers?

OR

- BUILD: Install and operate our own municipal fiber optic network?

Buy/Build Comparison

- Quotes received from private providers
- All vendors given same exact specifications

Service Provider	Monthly Cost	Annual Cost
AT&T	\$134,034	\$1,702,012
Comcast	\$37,737	\$452,844
NuLink	\$8,714(\$7,710 Revised)	\$104,568(\$92,520 Revised)
PTC Government Network	\$37,350(\$36,500)	\$448,198 (\$437,000)

Municipal Broadband Option

Pros

- Would provide opportunity to improve city financial condition
- Would provide opportunity to promote economic development
- Would provide opportunity to reduce involuntary taxation
- Would provide opportunity to control fiber infrastructure
- Would provide opportunity to contract with cell tower and micro(Improve Wireless)
- Would provide additional choice for local businesses and schools
- Might help facilitate extension of fiber to neighborhoods

Cons

- Assume all risks associated with operating a utility
- Need to develop and maintain a customer base
- Need to maintain fiber infrastructure outside of buildings
- Additional administrative tasks such as accounting & HR
- Requires a business operational plan - management
- Increase city debt level

NuLink Service Agreement Option

Pros

- Competitive and attractive pricing
- Same Internet Speeds as Municipal Broadband
- Same flexibility of bandwidth between facilities
- No maintenance of fiber/equipment outside buildings
- No customer service responsibilities
- No need for marketing efforts
- Eliminates any business risk of operating a utility
- Might help facilitate extension of fiber to neighborhoods

Cons

- Will remain an ongoing expense of the city budget
- No revenue to be realized - no G/F subsidy possibility
- Can't be used for economic development incentives
- No additional choice for local businesses, schools, etc.
- No control over fiber infrastructure in city
- No ability to contract with cell tower or micro sites(Improved Wireless)

NuLink Contract Option

Municipal Broadband Option

NuLink Annual Fiber Lease Cost	\$92,820	Annual Operating Expenses	\$83,000
Annual Debt Service Cost - 5 Years (est.)	\$73,000	Annual Debt Service Cost - 10 Years (est.)	\$354,000
(\$332K Network Equipment Cost)		(\$3,230,000 Project Cost)	
Total Annual Cost:	\$165,820	Total Annual Expenses:	\$437,000
		Annual Revenues:	TBD
Forfeited Cost (est.) - One Time	\$100,000	Net Revenues/Expenses	TBD

Terms of NuLink Proposal

- 5-Year Fiber Lease Agreement
- Two contracts; one for fiber lease and one for internet services
- Declining termination fees for each of the first 5 years of contract
- Annual Costs:
 - Fiber Lease \$ 70,320
 - Internet Services \$ 22,200

Recommendation

- Approve Memorandum of Understanding between PTC and NuLink to continue working towards legally binding contracts for high-speed fiber lease and internet services
- Authorize the City Manager to sign the contract pending final review and approval of staff, consultants and City Attorney
- If terms change substantially from what is presented in MOU, staff will bring back to Council

Questions?