

**DATE:** August 28, 2018

**STAFF:** Colman Keane, Broadband Director  
Erin Shanley, Broadband Marketing Manager

## **WORK SESSION ITEM**

### **City Council**

**This item will be discussed at the Adjourned Meeting beginning at 6:00 p.m.**

#### **SUBJECT FOR DISCUSSION**

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Fort Collins Connexion Update.

#### **EXECUTIVE SUMMARY**

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The purpose of this item is to provide Council an update on the Broadband Plan work to date. The presentation will cover the following areas: City Broadband Strategic Objective, Broadband History, Governance & Operational Authority, Bonds, Key Positions Filled, RFP Releases/Awards, Construction Timeline, Guiding Principles, Customer Service and Code Updates.

#### **GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

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Connexion staff will present an update on the Broadband plan; no questions are proposed.

#### **BACKGROUND / DISCUSSION**

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##### **City Broadband Strategic Objectives**

The FCC noted that the real culprit of slow, expensive internet in the U.S. is the lack of competition among providers. New broadband entrants into the market have a substantial impact on price and service.

The City's 2016 Strategic Plan includes Strategic Objective 3.9 - "Encourage the development of reliable high-speed internet services throughout the community." The Broadband Plan overall objective is to bring reliable, Gig speed internet to the city of Fort Collins, while making an informed decision through evaluation of risk and opportunities. Broadband is defined by the FCC as internet download speed of 25 megabits per second ("Mbps") and upload of 3 Mbps or faster.

##### **Broadband History**

The City has been exploring ways to improve the reliability and speed of internet services in Fort Collins since 2010 when it partnered with Colorado State University (CSU) to apply for the Google Fiber challenge.

2005 - Colorado Legislature passed SB152

2010 - Google Fiber Challenge

2011 - City partners with CSU for Gig.U

2014 - Strategic Plan first mentioned Broadband

2015 - Fort Collins' Citizens vote to opt out of SB152

2016 - Strategic Plan including Broadband adopted by Fort Collins

Nov 2017 - Fort Collins' Citizens vote to approve City Council Authorization for Broadband

Jan 2018 - City Council appropriates \$1.8M to move forward with Broadband

May 2018 - City Council authorizes Bonds

July 2018 - Unveiled "Fort Collins Connexion"

## Governance and Operational Authority

To recap the January 30, 2018 Work Session: governance and operational authority, along with role clarity, is critically important to the success of Fort Collins Broadband.

A proposed model based on best practices was outlined for Broadband. In this model, "governance is set by City Council who provide direction, develops policies, and oversight. Operational authority provides the City Manager, or their delegate(s), decision-making capabilities that are responsive and reactive to the dynamic, competitive market opportunities and challenges. In addition to the management of the enterprise, this allows the City Manager to retain confidentiality about competitive, strategic information to the broadband enterprise.

## Debt Issuance (Bonds) Details

Initial appropriation for Broadband (now known as Fort Collins Connexion) was set at \$1.8 million to be paid back through bond proceeds. A run of \$1,000 bond offerings sold out on May 31. The closing took place on June 14 and Fort Collins now has funds in-hand to begin construction of the Network.

- Bonds closed, and proceeds received on 6/14; City netted \$142,163,547
- Average net interest cost of 4.08% over the life; outstanding bonds are redeemable/callable beginning after 10 years.
- First debt service payment of \$2.7M due in December 2018 (interest only); total debt service 2019-2020 of \$5.8M per year (also interest only)
- Payments through 2020 are made from capitalized interest fund; must fund from BB revenues beginning in 2021
- Proceeds have been fully invested as of July 26th
- Invested in fixed income securities with a ladder strategy to match maturities to the capital plan
- Projected yield of 2.51%, or approximately \$4.4M in interest earnings between now and January 2021

## Key Positions Filled

Initial planning for Fort Collins Connexion originally identified four (4) key positions to be brought on board to launch the initial implementation. Using a national recruitment process, the following positions have been recently filled:

- Marketing Manager, Erin Shanley - started July 16, 2018
- Outside Plant Manager, Clint Reetz - started July 16, 2018
- Network Manager, John Robbins - started July 30, 2019
- Broadband Director, Colman Keane - started August 27, 2018

## RFPs Released/Awarded

An RFP (request for proposal) process was initiated in August 2017 with the goal to identify potential vendors to partner with in order to build all aspects of Broadband. The Brand Strategy RFP was for the development of a comprehensive, multi-faceted municipal broadband brand strategy. CIS/OSS included a comprehensive Customer Information System and Operations Support System to support Utility and Broadband services. The Network Electronics RFP covered the equipment necessary to run the overall fiber network. The Design/Build Construction RFP covers the design and construction of the "in the ground", or Outside Plant (OSP) fiber-based GPON network. The Premise Install covers the individual customer installations, both residential and commercial.

RFP / Contract	Status
Brand Strategy	Awarded
CIS/OSS	Awarded
Network Electronics	Awarded
Design/Build Construction	In Process
Premise Install	In Process

## Construction Timeline

At the direction of City Council and voters, the City is moving forward building and implementing high-speed, next-generation fiber to be available to all residents, businesses and organizations within the boundaries of the City, including land in the City's growth management area (GMA) when it is annexed into city limits. The overall fiber network construction is expected to take 36 to 48 months, and it is anticipated that the first paying customer will be brought on line in Q3 2019.

- Same contractor will design and build the network; small portions will be designed & built in a rolling fashion across the city
- Will build to all premises within city limits
- 36-48 month construction timeline
- First Broadband customer Q3 2019
- Expected to be finished end of 2021

### **Guiding Principles**

Beginning with the original Broadband Business Plan, and with guidance from Council, Fort Collins Connexion has identified the following guiding principals for all broadband-related initiatives.

#### **Net Neutrality**

The City of Fort Collins is committed to the principle where services are not blocked, slowed down, sped up, or manipulated based on who is accessing the internet or from where.

#### **Privacy and Security**

The City is sensitive to customer privacy concerns and is committed to protecting personally identifiable information. The City will, at a minimum, extend its Utility policies and procedures to the new Broadband business.

#### **Future-proof Network**

The City is committed to building an all-fiber, state-of-the-art network that can meet current and all future needs of the City.

#### **Competitive Services**

The City is committed to developing products and services that highlight the capabilities of the all-fiber network and will be competitive in both price and features.

#### **Customer Service**

A key component to gaining customers, and more importantly, retaining customers is the service and support they receive. The overriding goals of customer service are to resolve customer issues with the initial call and remain accessible to customers at all times. The goal of For Collins Connexion will be to focus on the legacy of excellent customer service already provided by the City of Fort Collins.

- Commitment to Customer Service
- Continue with Fort Collins Utilities' commitment to Outstanding Customer Service
- Customer Support Representative (CSR) Staff integrated into Customer Connections
  - Leverage economy of scale by integrating new CSRs with existing CSRs
- Utilities Customer Service Targets
  - System availability of 99.925%
  - 99% + bill accuracy
  - Less than 2 minutes average hold time

#### **City Code Updates**

Aligning City Code to Broadband deployment is being explored with the City Attorney's Office.

- Phase 1 - Q3 2018
  - Updates to City Code to support Charter language from November 2017 Ballot
- Phase 2 - Q4 2018
  - Chapter 26, Article I, II, III, VI -revise and updates references to definition and organization - Electric vs. Broadband service
  - Create Article XII within Chapter 26 specific to broadband
- Phase 3 - Q1 2019
  - Update Chapter 26, Article XII specific to broadband operation protocols
  - Potential areas to address include privacy, net neutrality, phone occupation tax, etc.

## **ATTACHMENTS**

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1. PowerPoint Presentation (PDF)



## City Broadband Strategic Objectives

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## **Broadband Requires Different Approach Than Single Source Utilities**

*\* Work Session Jan 30, 2018*

## Governance

## Operational Authority

City Council		City Manager / Broadband Director
Budget / Financial Approval		Council/Board updates on progress & decisions
Debt authorization		Executive oversight on the project
IGA / Sale or lease assets		Operate within the framework of authority delegated
Power eminent domain		Establish pricing & fees for services, rate cards, etc
Rules & Regs enforceable as code violations		Promotional programs and campaigns
Policy decisions- i.e. low income, net neutrality		Marketing plan and materials
Executive session - review plans & progress		Branding & logos
Appoints/Approves Board if Implemented		Construction design & build out
		Strategic plan development
		Financial plan & reporting

\* Work Session Jan 30, 2018

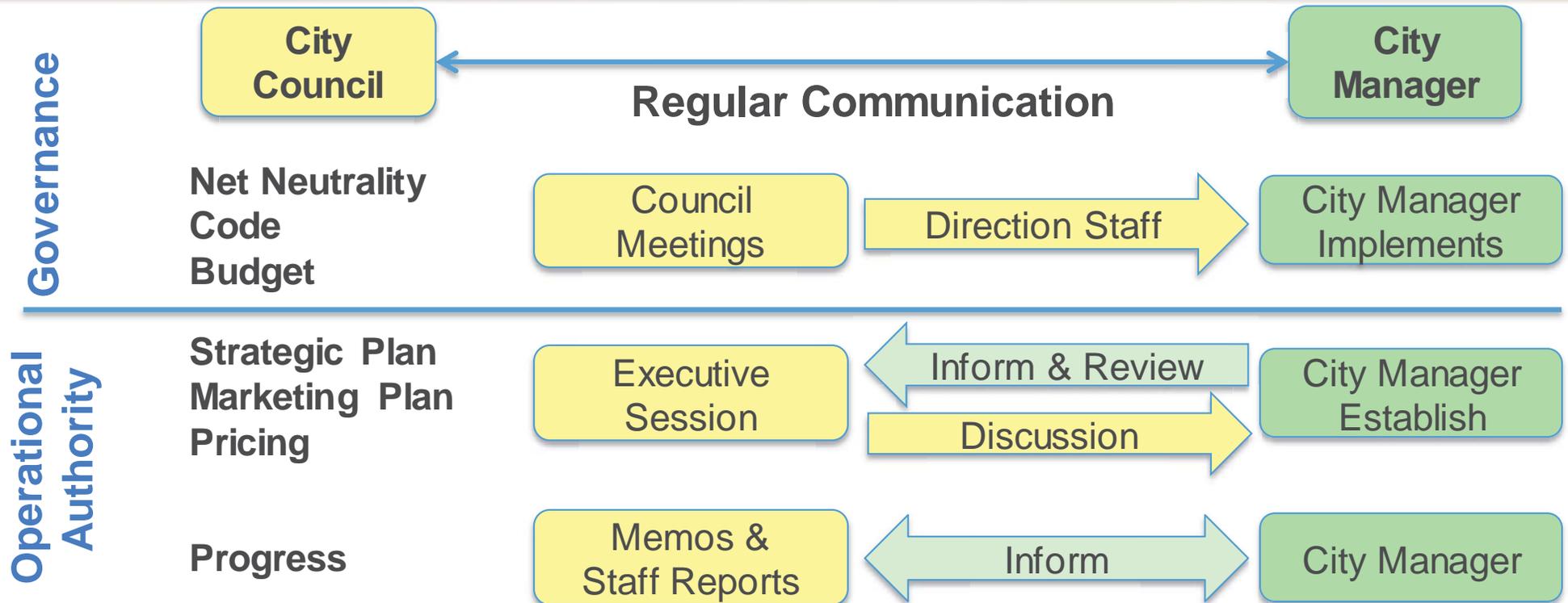
## Governance

- Provides elected official oversight & policy direction
- Provides executive session review & approval of plans and progress
- Will keep Council informed and knowledgeable

## Operational Authority

- Provides necessary decision authority and responsiveness to dynamic market conditions and competition
- Maintains strategic information confidentiality

*\* Work Session Jan 30, 2018*



**Achieves Objectives Outlined**

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*\* Areas within the GMA will be included as they are annexed into City Limits*

## Guiding Principles

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End of Presentation