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MEMORANDUM

Date: August 24, 2016

To: Mayor and City Councilmembers

From: SeonAh Kendall, Economic Health Manager

Through: Darin Atteberry, City Manager 
Mike Beckstead, Chief Financial Officer 

Re: August 23, 2016 Work Session Summary – Broadband Business Model and Feasibility Analysis

COUNCILMEMBERS PRESENT:

Mayor Wade Troxell, Mayor Pro Tem Gerry Horak, Gino Campana, Ross Cunniff, Kristen Stephens and Ray Martinez

STAFF PRESENT:

Mike Beckstead, SeonAh Kendall, Dan Coldiron, Tim McCollough, Clint Reetz, Ginny Sawyer and David Young

CONSULTANT PRESENT:

Dave Stockton, Uptown Services Inc.

Staff provided the following review:

- Overview of the Broadband Timeline and Strategic Objectives
- Updated Market Demand Study – post-DOCSIS 3.1
- Business Model Alternatives and Sensitivity Analysis
- Baseline Financial Model – Broadband Municipal (Retail)
- Summary of Next Steps – Community Engagement

DISCUSSION SUMMARY:

- Reviewed overall work to date and provided details on updated market demand study and impact to the estimated take rate.
- Reiterated overall goal of the City's broadband plan is to improve high-speed, reliable Internet access for the community.

- Comments about several private providers such as Google Fiber, Comcast and Century Link. Most comments were about the provider's delivery capabilities, customer service and pricing.
- Council indicated a various range of preferences and indicated that Staff's proposed next steps were on the right track.
- Acknowledgement that broadband is continuously evolving and complex – technology (hardware and software), innovative business models, delivery systems and market competitors.
- Questions arose as to how many existing neighborhoods have existing fiber to the premise (Staff will follow up).

FOLLOW UP:

- A question about DOCSIS 3.1 symmetry was asked by Council – DOCSIS 3.1 has the capability to be symmetrical but Comcast is currently offering 1 Gbps download and 35 Mbps upload.
- Council asked whether GigU could be a potential service provider was posed. GigU is a consortium of 30 leading research universities and their communities that seek to accelerate the deployment of ultra-high speed Internet that provide best practices and resources. GigU is not an Internet Service Provider (ISP).

NEXT STEPS FOR STAFF:

- Community outreach and engagement will occur October – November 2016 and include a variety of tools such as online survey, educational materials and FAQs.
- City Council update and staff recommendation on December 13, 2016.