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MEMORANDUM

Date: May 11, 2017

To: Mayor and City Councilmembers

From: SeonAh Kendall, Economic Health Manager *AK*

Through: Darin Atteberry, City Manager *DA*
Jeff Mihelich, Deputy City Manager *J.M.*
Mike Beckstead, Chief Financial Officer *MB on behalf of MB*

Re: May 9, 2017 Work Session Summary – Broadband Plan Update

COUNCILMEMBERS PRESENT:

Mayor Wade Troxell, Mayor Pro Tem Gerry Horak, Ken Summers, Ross Cunniff, Kristen Stephens, Bob Overbeck and Ray Martinez

STAFF PRESENT:

Mike Beckstead, Jeff Mihelich, SeonAh Kendall, David Young, Dan Coldiron, Tim McCollough and Ginny Sawyer

Staff provided the following review:

- Overview of work completed since the Dec. 20, 2016 work session including a recap of the retail model, peer cities, debt capacity, third party due diligence and other developments.
- Additionally, staff previewed timeline moving forward, resources needed, possible charter change and November 2017 ballot items.

DISCUSSION SUMMARY:

- Discussion on how a low income program would be developed and funded.
- Council was agreeable to bringing in additional resources to develop and implement retail business plan, including additional information on City's total investment up-to-date and where funds will be appropriated (General Fund and/or Utilities Enterprise Fund).
- Questions arose about the difference between passing and drop costs.

- Council asked about net neutrality and privacy concerns; and requested that if the retail model is developed, policies be developed to address net neutrality and privacy.
- Council stressed that this is a competitive business model.
- Council was generally supportive of the retail model and asked staff to continue to explore public/private partnerships.
- Council supported a November ballot that includes adding language to include telecommunication to Fort Collins Utilities Light and Power, governance and the debt issuance needed to support the project.

FOLLOW-UP:

- Staff would like to add additional information on the Net Neutrality vs Privacy discussion. Net neutrality is the network providers ability to regulate (or “throttle”) certain services such as Netflix. When staff was addressing the question, staff addressed the privacy concern and will continue to research industry standards and municipal retail policies around net neutrality and customer data.
- Differentiation between “passing” and “drop costs” were discussed. The current financial feasibility includes “passing costs” for each premise passed (100%) and “drop costs” for the thirty percent estimated subscribers.

NEXT STEPS FOR STAFF:

- Research and development of the November ballot language to include adding telecommunication to Fort Collins Utilities Light and Power charter, governance model and the debt issuance needed to support the project.
- Completion of the high-level retail model business plan.
- Appropriation request for additional expertise and resources.
- Development and issuance of a request for proposal (“RFP”) for third-party or partners.
- Update City Council at the July 11, 2017 work session.