

# Information Technology

Terry Brigman  
Fiber to Premise Business Plan/City Owned Utility



# Broadband/City-Owned Utility

## **Initiative Purpose Statement:**

Develop and publish an RFP to select a partner to create an investor grade Business Plan for the City to function as a Broadband utility.

The investor grade Business Plan must include all operational components to ensure business success. Including:

Capital Requirement	Passing Cost	Drop Cost	Pricing Assumptions
Marketing Plan	Sales Plan	Customer Services Plan	Service and Support Staffing
Network Architecture	Implementation Plan	Pro Forma Financial Statements	Operating Plan

## **City Goal(s) Initiative Connects To:**

- Economic Development



# Broadband/City-Owned Utility

## Strategic Partner(s):

Ongoing support of the Broadband Leadership Team (BLT) and the City Commission:

Internal (BLT)	City Commission Representatives
<b>CMO</b> Tony Delgado Shawn Sherrouse	Stephanie Madden
<b>Finance</b> Mike Brossart	Bill Read
<b>Community Development</b> Jason Willey	Justin Troller
<b>Electric Utility</b> Joel Ivy	
<b>Legal</b> Tim McCausland	
<b>IT</b> Terry Brigman	



# Publish RFP and Select a Partner

## High Level Project Tasks

1. Define requirements for the Business Plan
2. Set scoring criteria, prepare and publish the RFP and solicit responses
3. Evaluate and score submissions of potential partners
4. Select a partner and execute a contract

## Partner begins work on the Business Plan



# Publish RFP and Select a Partner

Phase 1		Resources	Week #																	
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	Define the requirements of the City for a public-private partnership, including types of services, speeds, service areas, capital requirements, operating requirements and other aspects that are important to the City																			
1.1	Meet with City leadership and staff to define the City's goal and objectives in the partnership	MA/CL																		
1.2	Define a set of criteria - negotiable and non-negotiable factors in the partnership	MA/CL																		
1.3	Document the results for inclusion into the RFP	MA/CL																		
2	Assist the CITY in the preparation and release of an RFI to garner responses from broadband providers willing to partner with the City of Lakeland.																			
2.1	Gather documentation on the City's fiber, conduit and other assets available to the partnership.	MA/CL																		
2.2	Create appendix to be attached to the RFI with this information	MA																		
2.3	Develop the solicitation document, language, terms and conditions	MA																		
2.4	Work with the City to ensure the solicitation document meets the City's procurement policies	MA/CL																		
2.5	Develop the evaluation and scoring criteria for the RFI	MA/CL																		
2.6	Identify the channels for release of the RFI, in compliance with the City's procurement policies. Identify individual providers and industry associations who will receive the solicitation as well.	MA/CL																		
3	Release the RFI & Provide Initial Evaluation	MA																		
3.1	Hold pre-bid conference calls or meetings if needed	MA																		
3.2	Respond to Q&A posed by respondents	MA																		
3.3	Receive submissions	MA/CL																		
3.4	Ensure submissions meet minimum requirements	MA																		
3.5	Seek clarifications from respondents	MA																		
3.6	Meet with City team to discuss and evaluate submissions	MA/CL																		
3.7	Score submissions and rank respondents with City team	MA/CL																		
3.8	Shortlist respondents	MA/CL																		
4	Evaluate and Select Most Responsive Bidder	MA/CL																		
4.1	Notify shortlisted bidders and schedule on-site interviews	MA																		
4.2	Notify bidders that did not make the shortlist	MA																		
4.3	Onsite interviews with shortlisted bidders	MA/CL																		
4.4	Due diligence of shortlisted bidders (Corporate, Financial, Operational, Litigation)	MA																		
4.5	Meet with City team to discuss and evaluate shortlisted bidders	MA/CL																		
4.6	Select most responsive bidder	MA/CL																		
4.7	Create summary report of the process and selection for City Leadership & Council	MA																		

# Broadband/City-Owned Utility

## Policy Considerations:

1. Establishment of a Digital Divide Grant Program
  2. Establishment of a new Enterprise Fund for the Broadband Utility
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## Budget Considerations:

Fiscal Year	Amount
FY18	Digital Divide Grant Program (implemented and ongoing)
FY18/19	\$0 (City staff time) publish RFP, select partner
FY19	\$150,000 Partner creates Broadband Utility Business Plan



# Broadband/City-Owned Utility

## Additional Considerations:

**We think we have 80% of the data to document a COL business plan**

- City of Lakeland Broadband Utility Business Plan
  - ✓ Broadband Market Profile
  - ✓ Lakeland Customer Profile
  - ✓ Competitive Environment
  - ✓ Operating Plan
    - ❖ Retail Model
    - ❖ Critical Operational Success Factors
    - ❖ Capital Requirement
    - ❖ Passing Cost
    - ❖ Drop Cost
    - ❖ Pricing Assumptions



# Broadband/City-Owned Utility

## **Additional Considerations:**

- Marketing Plan
  - ✓ Budget
  - ✓ Promotion and Advertising
- Customer Service Plan
  - ✓ Customer Service Strategy
  - ✓ Customer Service Planning
  - ✓ Customer Service Staff
- Personnel Requirements
- Facilities Requirements
- Equipment Requirements
- Network Architecture
  - ✓ Fiber Technologies
  - ✓ Innovative technologies need to be considered (wireless)
  - ✓ Security





# Broadband/City-Owned Utility

## Additional Considerations:

- Pro Forma Financial Statements
  - ✓ Construction Phase Years
    - ❖ Funding
    - ❖ Expenses
    - ❖ Revenue/Loss
  - ✓ Operations Phase Years
    - ❖ Net Cash Flow, P&L, Balance Sheet, etc.
  - ✓ Risk and Worst Case Scenarios



# Broadband/City-Owned Utility

## Additional Considerations:

- Financial Model
  - ✓ Sample of data from the July 2016 Magellan Strategic Broadband Plan

### City of Lakeland Fiber to the Premise Analysis – Capital Costs and Funding

		Cost per Passing Feeder/Distribution		Total Feeder Distribution Costs		Funding Required	
		Low	High	Low	High	Low	High
City Limits	Total Units 51,243	\$609	\$825	\$31.2M	\$42.3M	\$70M	\$120M
Service Area	116,226	\$928	\$1,113	\$107.8M	\$129.4M	\$220M	\$270M

### City of Lakeland Fiber to the Premise Analysis – Financial Performance

			Positive Net Income		Free Cash Flow Over 20 Years	
			Low	High	Low	High
City Limits	Uptake 45%	Subscribers >5 Years 23,000	Year 5	Year 6	\$56M	\$43M
Service Area	45%	55,000	Year 6	Year 7	\$98M	\$89M



# Broadband/City-Owned Utility

## Additional Considerations:

- Financial Model
  - ✓ Sample of data from the July 2016 Magellan Strategic Broadband Plan

### Customer Growth and Staffing

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Voice	0	10	31	62	93	125	158	180	191
Business Internet	6	38	99	183	268	332	374	407	423
Dedicated Internet	0	0	4	8	12	16	18	20	20
Total Internet	6	38	103	191	280	348	392	427	443
Full-time Staff	1	1.5	2	2.5	3	4.5	6	6	6



# Broadband/City-Owned Utility

## Additional Considerations:

- Financial Model
  - ✓ Sample of data from the July 2016 Magellan Strategic Broadband Plan

### Potential Monthly Fee Structure

	Potential Monthly Fees
<b>Business Voice</b>	
Voice – 1 - 3 Lines	\$42.95
Voice - 5 - 8 Lines	\$41.95
Voice - 9 Lines or more	\$39.95
<b>Business Internet</b>	
50/10 Mbps	\$109.99
100/25 Mbps	\$134.99
200/50 Mbps	\$209.99
300/50 Mbps	\$279.99
500/100 Mbps	\$384.99
1000/50 Mbps	\$799.99
<b>Anchor &amp; Dedicated Internet</b>	
50 Mbps	\$499.00
100 Mbps	\$999.00
500 Mbps	\$1,999.00
1000 Mbps (1 Gbps)	\$2,999.00
<b>Installation &amp; Activation</b>	
Business	\$99.00
Anchor	\$999.00



# Broadband/City-Owned Utility

## Additional Considerations:

- Financial Model
  - ✓ Sample of data from the July 2016 Magellan Strategic Broadband Plan

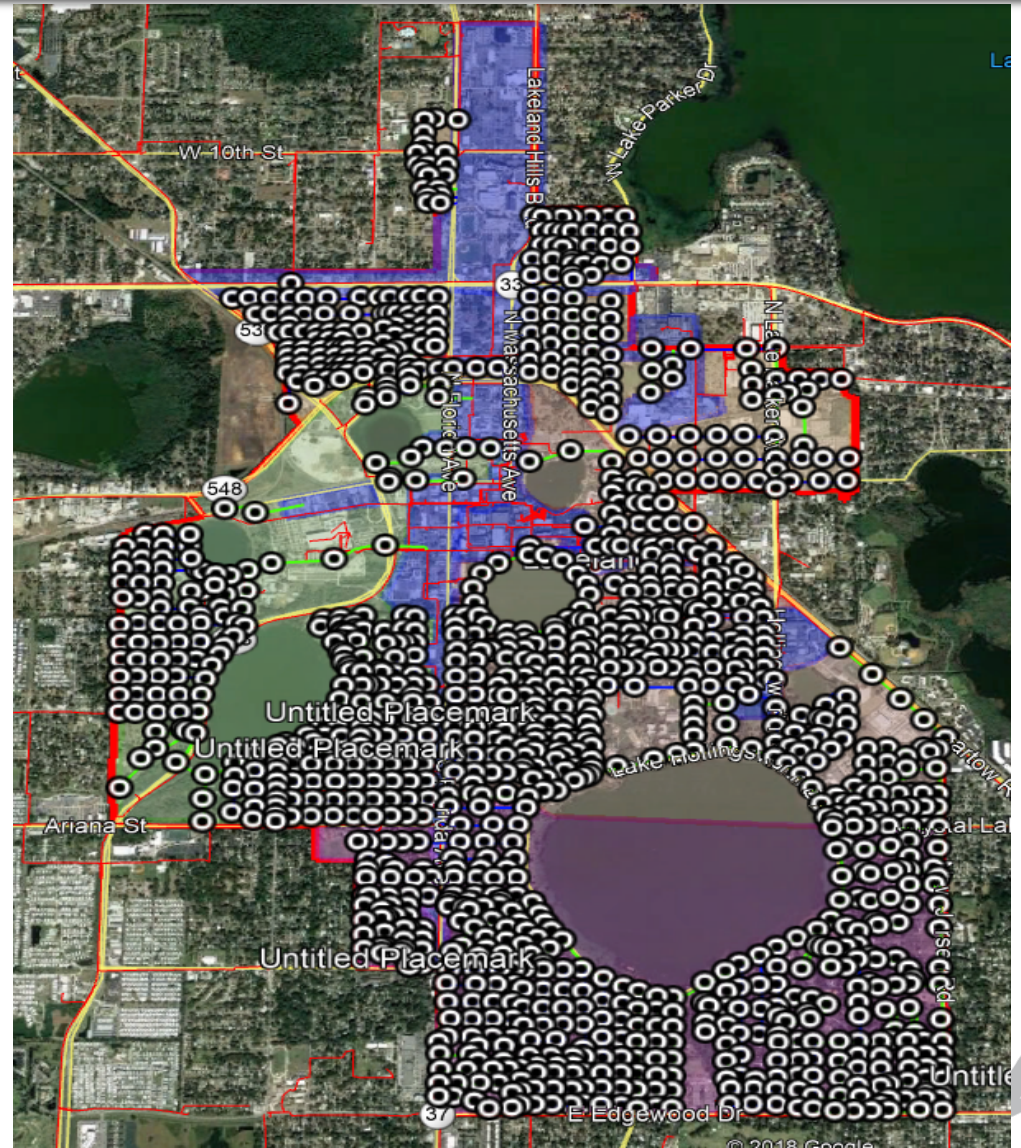
Core Downtown phase 1					
Assumptions: all underground would be 100% directional bore. Assumes all overpull includes 2" conduit that is not damaged & there is space to install new cable. Aerial overlash assumes existing aerial cable & strand can support addition of another cable. Assumes existing 2" duct has existign tracer wire. assumes existing vaults are large enough to house splice case & fiber slack					
Description	Price	Unit	Quantity	Subtotal	Notes
City Right of way permit	\$0.25	Ft	56482	\$14,120.50	
Job Design per ft	\$0.75	Ft	56482	\$42,361.50	
Furnish & Install Muletape	\$0.25	Ft	15571	\$3,892.75	
Furnish & Install #12 Tracer wire	\$0.70	ft	8269	\$5,788.30	
over rod existing cable	\$0.45	Ft	7302	\$3,285.90	
Install fiber cable in duct- including all slack	\$0.85	Ft	21371	\$18,165.35	
Furnish 144 count fiber- including all slack	\$3.00	Ft	68782	\$206,346.00	100' slack in each vault & aerial splice
Furnish & Install 10m strand	\$1.50	Ft	4517	\$6,775.50	
furnish & Install pole attachments	\$85.00	Ea	25.094	\$2,133.03	assumes pole every 180'
furnish & Install down guy & anchors	\$325.00	Ea	7.5283	\$2,446.71	assumes 30% of attachments
furnish & Install snow shoes	\$120.00	Ea	130	\$15,600.00	
Trench 2" 36"	\$5.00	Ft	0	\$0.00	
Furnish & Directional Bore 2"	\$16.50	Ft	8269	\$136,438.50	100% Bore
Furnish & Install 36"x48"x36" handhole w/ 20k lid	\$1,100.00	Ea	32	\$35,200.00	
Misc restoration	\$50,000.00	All	1	\$50,000.00	
Mid sheath Fiber Entry	\$350.00	Ea	123	\$43,050.00	
Install new splice case & prep cable	\$475.00	Ea	123	\$58,425.00	
Prep cable in panel	\$150.00	Ea	2	\$300.00	
Splice fibers	\$35.00	Ea	1026	\$35,910.00	6 splices per ped
Splice Case (8.5"x22")	\$706.20	Ea	123	\$86,862.60	
Splice trays	\$55.00	Ea	135	\$7,425.00	
Furnish & install loaded 144 port panel	\$4,570.00	Ea	2	\$9,140.00	
Terminate fibers	\$30.00	Ea	288	\$8,640.00	
Test Network	\$500.00	all	1	\$500.00	
Furnish & Install Marker Post	\$65.00	Ea	22	\$1,430.00	
Furnish & Install Marker Post w/ test station	\$85.00	Ea	10	\$850.00	
Spliters	\$1,000.00	Ea	0	\$0.00	
Downtown Phase 1 Subtotal				\$795,086.64	



# Broadband/City-Owned Utility

## Additional Considerations:

- Financial Model
  - ✓ Sample of data
    - ❖ GIS data points





# Broadband/City-Owned Utility

## **Alternatives:**

1. Develop and publish an RFP to select a partner to create an investor grade Business Plan for the City to function as a Broadband utility.
2. Engage Magellan to document an investor grade Business Plan for the City to function as a Broadband utility.
  - Use the data from our Strategic Plan development effort
  - Consider innovative technologies
  - Revise the pro-forma financial statements

## **Next Steps following Business Plan Development:**

- Commission decision on the Broadband Utility Enterprise Fund
  - ✓ Obtain funding
  - ✓ Begin construction

