

**LOVELAND BROADBAND TASK FORCE**  
**March 2, 2017 Minutes**  
**Loveland Water and Power – 200 N. Wilson Avenue**  
**10:00 a.m.**

**Task Force Members Present:** Mindy McCloughan, Josh Smith, Jason Frisbie, Dave Kavanagh, Richard Toftness, Paul Langfield, Doug Rutledge

**City Council Liaison Present:** John Fogle

**Task Force Members Absent:** Fernando Pedroza, Joe Wilson, Julie Klein

**City Staff Members Present:** Steve Adams, Briana Reed-Harmel via teleconference, Derek Turner, Kim O'Field, Tom Hacker

**Consultant Present:** John Honker from Magellan Advisors via teleconference

**Audience Present:** Ralph Trenary

Call to order at 10:04 by Mindy McCloughan.

Mindy McCloughan called for a motion to approve the February 2, 2017 meeting minutes. The meeting minutes were approved unanimously after a motion from Richard Toftness and a second from Jason Frisbie.

**Broadband Assessment and Feasibility Analysis**

Mindy McCloughan started the meeting with some comments about the February 28, 2017 Loveland City Council Meeting. She shared that she wished the task force had done more homework and been more prepared with some of the information that council members had requested during the meeting. A comment was made that even if we would have had more data, certain council members would have kept asking for more clarity to argue and push back on the project as a whole.

A question was presented to the group on the purpose of this particular presentation to city council. One comment was that based on a set of criteria given by city council, the task force's job was to narrow it down to 3 options and give a recommendation. However, it appeared the council felt like we were there to recommend that the city proceed with the project. It was also stated that the task force's job at the city council meeting was not to make the recommendation that we do a full retail model of broadband, it was to say based on the criteria you gave us and the work we've done with Magellan that this is the most logical option to pursue at a deeper level.

It was said that there was information presented to the city council that hadn't even been vetted yet. There was no decision prior to the city council meeting as to what information the task force

would present. To add to this point, a statement was made that dissent and difference of opinion adds to the richness of the discussion, however it should happen in task force meetings not in front of the city council. Opinions were expressed that the task force should have given the message that we recommend further study of the retail model without getting into a debate about the pluses and minuses in front of city council. There was not a coherent recommendation to present to council and this council meeting went 4 steps ahead of the task force. Despite the difficulties of the city council meeting, it is encouraging that they are interested in additional data.

Utilizing some talking points, Steve Adams continued to facilitate an open discussion regarding the recent city council meeting:

- Staff was not prepared for a public hearing process; public comment was added as part of the council meeting at the last minute and therefore different than the study session we had prepared for.
- Council was worried about the absence of 3 council members at the meeting
  - This created a very reactive council
  - This created backwards movement. Returning to the initial creation of the Broadband Initiative. Why are we even moving down this path? Why is broadband so important?
- Council had seen the survey before, they had never questioned it before. We thought we had crossed the bridge back in March. The questions on demographics were not expected.
- There were questions regarding new technology, is fiber the right technology, why was there no SWOT analysis, did we do the proper risk assessment, are we going to get hurt by take rates.

Steve concluded that this was not a death nail by any means; Council is buying time to get the vacant council seat filled. In addition, they raised objections, and we had one arm tied behind our back, as our biggest competitor was sitting in the corner. We had to back off and we could not answer the way we wanted to, we did not want to give anything away to our competitor. In addition, the council asked technical questions which we were not prepared to answer outside of an Executive Session, other questions dealt with design which is not complete nor part of our study at this point.

In moving forward, city staff has an action item list of more than 20 items. There is also the possibility of bringing in an additional consultant.

Steve also presented information that Fort Collins released an RFI and received 14 bids from companies around the world who could install and operate a broadband system. Fort Collins is considering a company, Axia, headquartered in Geneva Switzerland. There is no public investment, but they want at least a 40% take rate commitment from the community.

Returning to the discussion of competitors, Steve identified the Comcast announcement at the council meeting that they can provide 1 Gigabit to every customer by the end of the year (possibly 2<sup>nd</sup> quarter of next year or 3<sup>rd</sup> quarter to the end of next year, according to information from other sources) for approx. \$99-\$130/month. Limited release around the Chattanooga area

is already in place for approx. \$99/month for the first year as a promotion and then goes up to \$139/month.

It was brought up that this is not just about residential service, public safety, hospitals and schools were the initial focus of bringing broadband to Loveland. Economic development is an additional primary focus for bringing in broadband. We do not want to be the hole in the donut, as more and more communities around us are offering this service. For the schools, it is not just about future capacity but also future price control.

Steve informed the task force that there is a special meeting between Fort Collins and Loveland City Council on March 23<sup>rd</sup> regarding the law enforcement training center, however broadband would possibly be an additional topic.

Steve also identified that there is a professor at CSU that is a world leading expert on take rates, specifically for the telecomm industry. Estes Park used her, went back, and re-examined take rates after having more detailed engineering and customer information. It was discussed that the reduction in take rates for Estes Park after this additional study was approximately 6%.

#### **Follow-up on NextLight Tour**

Longmont is going to re-run the Charter Member program to pick up customers who did not sign up for service the first time. However, while the price remains competitive it will be higher than the initial offering.

Longmont has discovered some problems with take rates because of population calculation where there are certain multi-dwelling units contractually bound to other providers. There is not a lot of incentive for residents to obtain a different provider when it is included in their rent.

A question presented by city council of penetration data presented vs the data requested by Comcast through CORA and released by Longmont showing a discrepancy in penetration percentage. Chattanooga also confirmed that they had seen this before and that the contractual commitments for multi-dwelling units skew the numbers. Current saturation point for Longmont is currently at 56%.

Longmont was very creative in placing hubs in substations. Although Longmont is a public utility they act like a private competitor in the marketplace as far as marketing and pricing.

Longmont has encouraged Loveland to leverage the knowledge from them and they have some capacity to help us. We can look at the possibility of piggy backing on their installer contracts, but they will be done by the end of the year.

#### **Discussion of Meeting with Chattanooga, TN Representative**

Colman Keane, Director of Fiber Technology at EPB, was coming out to Colorado to advise another city and we were able to meet with him. We discussed the questions that city council has raised. Colman has dealt with these types of questions before and can provide assistance.

**Next Steps**

Due to time constraints, Mindy postponed the agenda item Update on Fiber Projects in the Big Thompson Canyon.

Action items previously discussed during the meeting: work on demographics presentation, economic impact studies, and work with Colman Keane on responding to objections.

**Adjourn Meeting at 12:08**

Respectfully Submitted,  
Courtney Whittet  
Recording Secretary