

UTOPIA it was stated South Weber City would need to have a 45% take rate to meet the bond requirement. He asked if Morgan City's model is similar to what UTOPIA presented to South Weber City. Jeff Meyer reported the financial model is similar. Councilman Halverson queried once the system is installed what the connection fee for residents would be. Mr. Erwin replied that the internet service provider (ISP) charges a fee which varies according to provider. UTOPIA allows the resident to choose their ISP. There is a \$30 per month connection fee above the ISP cost. Councilman Halverson asked if there is a connection fee to take the fiber from a resident's park strip to their home. Mr. Erwin responded there is not. Councilwoman Alberts asked the number of service providers UTOPIA offers. Mr. Erwin replied they currently have eleven service providers. Councilman Soderquist challenged UTOPIA to supply any negatives. Mr. Erwin vocalized it depends on how the city wants to finance it, but he did not feel there is a risk to the city. Councilman Winsor stated if there is no risk why obligate the city on the bond. Mr. Erwin noted the capital outlay is the risk for the city, and UTOPIA takes the operational risk. Discussion took place regarding the bond length of 25 to 27 years and the possibility of technology changing in the meantime with the city still responsible for the bond. Councilman Halverson supplied fiber is all around South Weber now and wondered if the initial dollar would be cheaper than originally quoted. Mr. Meyer explained the cost is estimated by an aerial and underground installation average. Mr. Erwin indicated UTOPIA will continue to maintain the system with upgrades as triggered by the market. Councilman Soderquist questioned what the city fee is as a whole versus a new neighborhood fee. Mr. Erwin explained their network design includes every residential address.

STRATA:

Tyler Rasmussen introduced himself, Brent Simmons, and Jon Bingham of STRATA. He explained STRATA is relatively new but brings in options for cities seeking a different model. Mr. Rasmussen conveyed STRATA has 30 years of fiber optic deployment/management experience with more than 1,400 route miles of fiber while maintaining a fiber transport network of approximately 2,400 route miles. STRATA offers a fully redundant and geographically diverse fiber infrastructure in both the Salt Lake City and Denver metro areas with a variety of services in several cities and counties within Utah and surrounding states.

STRATA's scope of work includes providing infrastructure to every South Weber City home, business, public facility, and private institution. STRATA offers non-discriminatory open access, shares financial and operational risks, provides cost-effective services, and interconnection between city facilities. Mr. Rasmussen affirmed STRATA acts as a partner and can offer a long-term maintenance plan or a city can choose to manage on their own.

STRATA's proposal outlines a true "Public-Private-Partnership" wherein the city and STRATA share in the risk of the network investment. STRATA, as a long-term network operation partner for the city, only gets paid when subscribers join the network. Under STRATA's unique model, the city owns the network, and thereby can benefit from long-term ownership and control of the network.

Mr. Rasmussen explained the network uses top quality, carrier-class materials and network components to ensure the city's investment will last many years into the future and that the network will be cost-effective to maintain. The costs included in this proposal are reflective of an all-fiber hybrid Passive Optical Network (PON)/Active Ethernet architecture. The network design utilizes the placement of strategically located equipment shelters and multiple Fiber

Distribution Hubs (FDHs), essentially dividing South Weber into multiple service zone. It is a multi-gig capable network. STRATA Cost breakdown:

MONTHLY RESIDENTIAL PRICING – OPT-IN UTILITY MODEL

	250 Mbps Package	1000 Mbps (Gig) Package
City Bill	*Utility Fee: \$ 10.00	*Utility Fee: \$ 10.00
	Network Refresh Allocation: \$ 7.00	Network Refresh Allocation: \$ 7.00
	Network Operator Fee: \$ 20.00	Network Operator Fee: \$ 20.00
	City Infrastructure Allocation: \$ 15.00	City Infrastructure Allocation: \$ 20.00
	Total: \$ 52.00	Total: \$ 57.00

	250 Mbps Package	1000 Mbps (Gig) Package
ISP Bill	**Internet Service Provider Fee: \$ 13.00	**Internet Service Provider Fee: \$ 18.00

Total Monthly Subscription Cost: \$65.00

Total Monthly Subscription Cost: \$75.00

*All residents pay this fee monthly, but for subscribers that fee is credited toward a monthly bill.
 ** ISP will ultimately determine this fee, but at least one ISP has already committed to this price.
Assumption: The current model assumes a 75%-25% split between the 250 Mbps and 1000 Mbps (Gig) packages respectively.

MONTHLY RESIDENTIAL PRICING – OPT-IN SUBSCRIPTION MODEL

	250 Mbps Package	1000 Mbps (Gig) Package
City Bill	*Utility Fee: \$ -	*Utility Fee: \$ -
	Network Refresh Allocation: \$ 7.00	Network Refresh Allocation: \$ 7.00
	Network Operator Fee: \$ 20.00	Network Operator Fee: \$ 20.00
	City Infrastructure Allocation: \$ 25.00	City Infrastructure Allocation: \$ 30.00
	Total: \$ 52.00	Total: \$ 57.00

	250 Mbps Package	1000 Mbps (Gig) Package
ISP Bill	*Internet Service Provider Fee: \$ 13.00	*Internet Service Provider Fee: \$ 18.00

Total Monthly Subscription Cost: \$ 65.00

Total Monthly Subscription Cost: \$ 75.00

*ISP will ultimately determine this fee, but at least one ISP has already committed to this price.

Assumption: The current model assumes a 75% - 25% split between the 250 Mbps and 1000 Mbps (Gig) packages respectively.

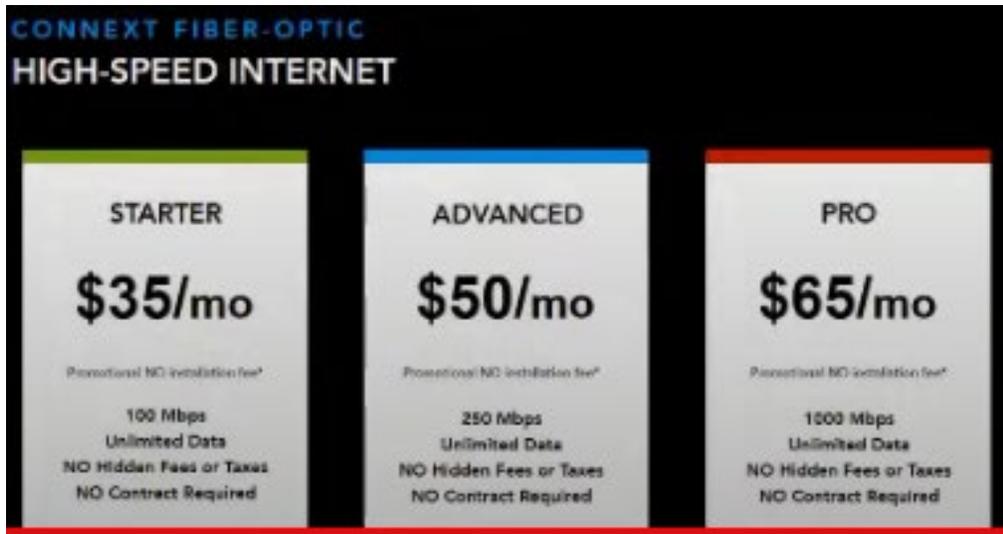
SOUTH WEBER COMPARATIVE CAPITAL COSTS	
Summary – Utility Model	
FIBER-OPTIC INFRASTRUCTURE MODEL	
Estimated Initial Fiber-Optic Network Infrastructure Cost:	\$ 7,119,092.50
Bond Term (Years):	30
Bond Interest Rate:	2.50%
Estimated Monthly Bond Payment for Infrastructure (Year 4):	\$29,064.49
Estimated Monthly Utility Fee Revenue (Year 4):	\$23,730.00
Minimum # of Subscribers for Estimated monthly Bond Payment:	328
Minimum Take Rate for Estimated Monthly Bond Payment:	15%
Summary – Subscription Model	
FIBER-OPTIC INFRASTRUCTURE MODEL	
Estimated Initial Fiber-Optic Network Infrastructure Cost:	\$ 5,591,919.84
Bond Term (Years):	30
Bond Interest Rate:	2.50%
Estimated Monthly Bond Payment for Infrastructure (Year 4):	\$ 22,829.64
Estimated Monthly Utility Fee Revenue (Year 4):	\$ ---
Minimum # of Subscribers for Estimated monthly Bond Payment:	870
Minimum Take Rate for Estimated Monthly Bond Payment:	39%

Mr. Rasmussen communicated STRATA Networks propose to begin design of the network immediately following the execution of a contract to construct. STRATA will provide a demand aggregation tool to start within two to four months of contract execution. Keep in mind, material lead-times are currently difficult to predict. Construction will begin as soon as materials are available. STRATA proposed a three-year construction period for South Weber City which included dividing the city into several neighborhood zones. Service will be available in a zone at the completion of work within that zone. STRATA is ISP friendly, and Mr. Rasmussen explained how they incentivize subscriptions. He explained connections fees and STRATA working with the city concerning the drops standard. This would be a discussion between STRATA and the city concerning costs per location.

Connex:

David Brown, owner of Connex, explained they have been in the ISP business since 2001 and moved into fiber in 2015. Connex has planned and installed their own fiber-optic backhaul infrastructure. They installed MD7 fiber-optic conduit for UDOT, Google Fiber for Salt Lake City, fiber-optic ring for Kaysville City, Ogden City, and the Ogden Airport. He discussed the process Kaysville City went through and stated they will be going with a franchise agreement. Connex is currently building fiber in Farr West City, Plain City, Kaysville City, Clinton City, and Roy City.

Mr. Brown estimated South Weber City has approximately 2,300 homes and is already part of their build plan. They have multiple connecting points for their backhaul fiber. Speeds are available at 10 GB and beyond.



Mr. Brown addressed financing. As a private company, Connex builds out entire cities with free city facility connections and no city debt. He showed the problems with the city bonding. He advised his company is ready to install fiber to citizens in South Weber City in eighteen months.

Councilman Soderquist investigated grades and quality of fiber. Mr. Brown replied there are different types of fiber, but these companies are all sourcing from the same place. Councilman Soderquist asked what types of residents do not want fiber. Mr. Brown offered it can be difficult for some HOA developments.

Councilman Winsor expressed his appreciation to each company for responding and presenting to the City Council tonight. Mayor Sjoblom asked if there are any closing statements.

Utopia's Mr. Erwin clarified the differences between his company and the others present. He stated UTOPIA's installation is more expensive because they trench deeper. He declared UTOPIA is the country standard for open access infrastructure. He verified there would be no shared or split fiber, but each residence has a separate connection. They guarantee that each and every house will have a connection not just hopeful thinking like the other providers. He discussed the downside with Connex and STRATA being the cost of maintenance. He believed UTOPIA offers a more robust system for long term success. Mr. Meyer explained GPON (Gigabit Ethernet Passive Optical Network) versus EPON (Ethernet Passive Optional Network). Optical fiber networks operate on different passive optical network (PON) standards. A PON is a network system specific to fiber technology that delivers broadband network access to your home or business. One of many PON standards is GPON. GPON uses Asynchronous Transfer Mode (ATM) for voice, Ethernet for data, and proprietary encapsulation for voice. This means that it uses fixed-sized cells instead of variably sized packets of data. It offers faster Gbps than EPON (Ethernet passive optical network) on downstream and upstream bandwidths.

Mr. Meyer added UTOPIA runs a 100-gig ring throughout the city, which allows for 10 gig customers to connect to the 100-gig core. This connection is monitored and if there is congestion, another 100-gig link is added onto that ring. The network is very modular which allows UTOPIA to service customers whether it is a 250 meg-gig or a 10 gig with the same fiber connections. He pointed out operational revenues cover upgrade refreshments. He explained they understand cities infrastructure and treat all customers the same whether business or residential.

STRATA's Tyler Rasmussen explained they are experienced in GPON and EPON and will deploy the network the city wants with the structure methodologies the city prefers. He reiterated STRATA is willing to take on a contractual obligation to install fiber throughout the entire city. He explained it is the city's revenue on network refresh that STRATA will help budget for the future.

Connex's David Brown emphasized they do not micro-trench but use directional drilling. He explained Connex cannot be contractually obligated to do the whole city because as a franchisee they cannot create an unlevelled playing field. He would happily create another contract, outside a franchise agreement, that guarantees they provide service to all the homes; however, Connex cannot legally do it as a private company and as a franchisee.

Councilman Winsor asked about Blue Staking. David explained the city is responsible to mark utilities. Jeff Winford discussed UTOPIA has their own team and David clarified each company has their own marking team. Councilman Winsor suggested the Council make a decision in a public meeting within the next month. It was decided this item will be placed on the agenda for 26 October 2021 as a discussion item.

ADJOURN: Councilman Winsor moved to adjourn the Council Meeting at 7:37 p.m. Councilwoman Petty seconded the motion. Mayor Sjöblom called for the vote. Council Members Alberts, Halverson, Petty, Soderquist, and Winsor voted aye. The motion carried.

APPROVED:  _____ **Date** 10-26-21
Mayor: Jo Sjöblom



Transcriber: Michelle Clark

Attest:  _____
City Recorder: Lisa Smith