



General Policy Committee Meeting
THEN: February 23, 2017
&
NOW: June 20, 2019

What is GRUCom?

GRUCom is the Gainesville area's only all-fiber-optic network, with more than 500 miles of fiber in Alachua County

- Business to business provider for small businesses, up to large multi-location corporations
- Own and operate 13 cell towers
- Licensed CLEC in State of Florida
- GRUCom service is discretionary; no one is obligated to purchase GRUCom services
- GRUCom is a contract service with fixed pricing and term requirements

GRUCom's Standard Service Portfolio

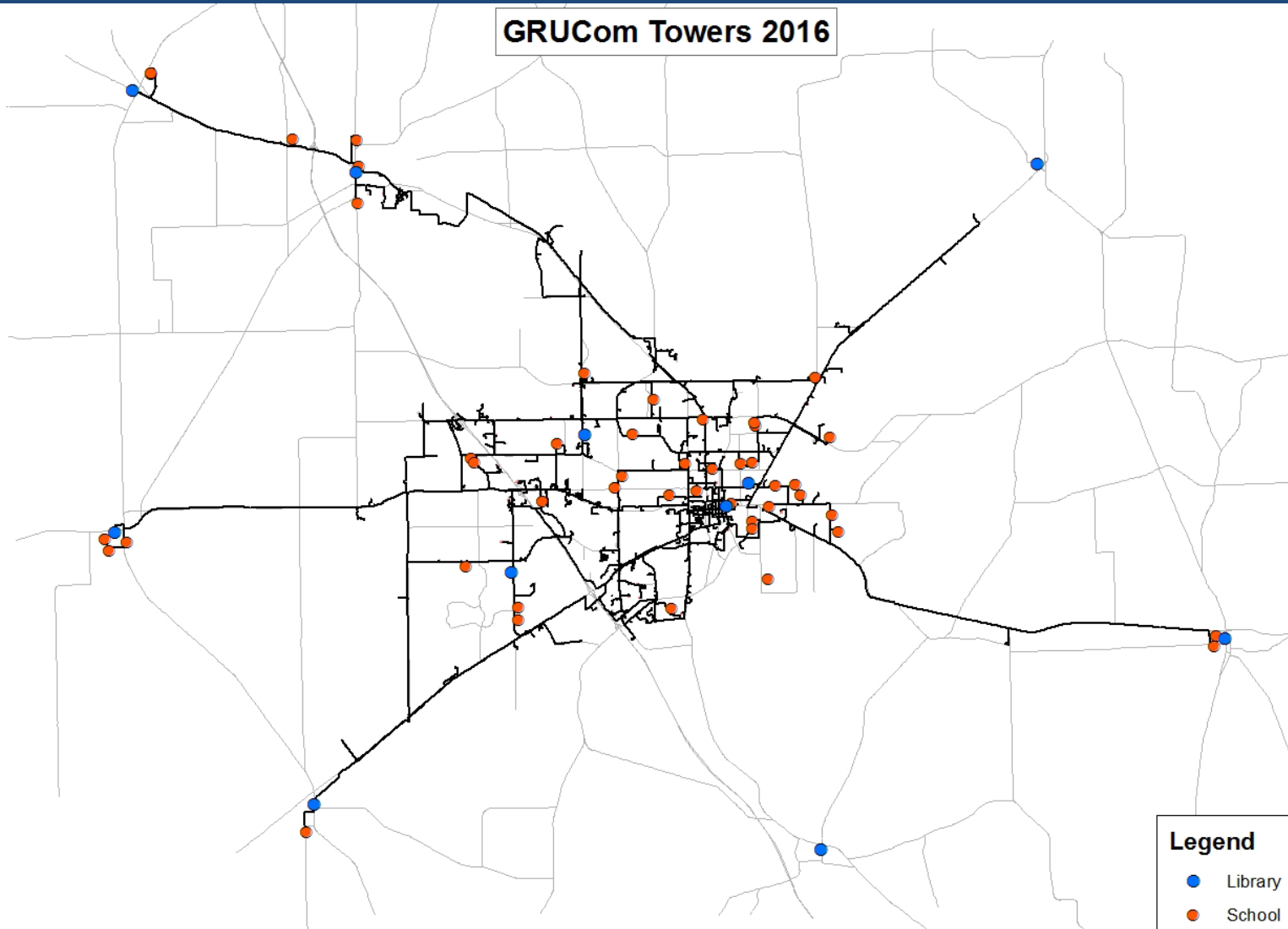
- Data & Telecommunications Services
 - Carrier Access Services (Interexchange, Local Access & Cell Site Backhaul)
 - Commercial Data Transport Services (Private Line & Special Access Service)
 - Commercial Internet Access Services (Enterprise and Business Class)
 - Residential Internet Access Services (GatorNet Wholesale and GatorNet Retail)
 - Dial-Up Internet Access Service (GRUNet Internet)
 - Central Office Data Center Co-Location Services
- Communications Tower Leasing
- Trunked Radio Services (Public Safety Radio System)

What Makes GRUCom's Network Unique?

- All fiber network
- Design focus is on moving data
- Network design insures capacity and reliability through route diversity
- Route diverse Internet connectivity to Atlanta and Miami with multiple Internet providers
- Established peering arrangements with major content services (Netflix, Google, YouTube, Apple, Amazon)
- Strategic partnerships with National, regional and local transport providers expands service capability beyond the physical network

How & Where are Services Delivered?

GRUCom Towers 2016



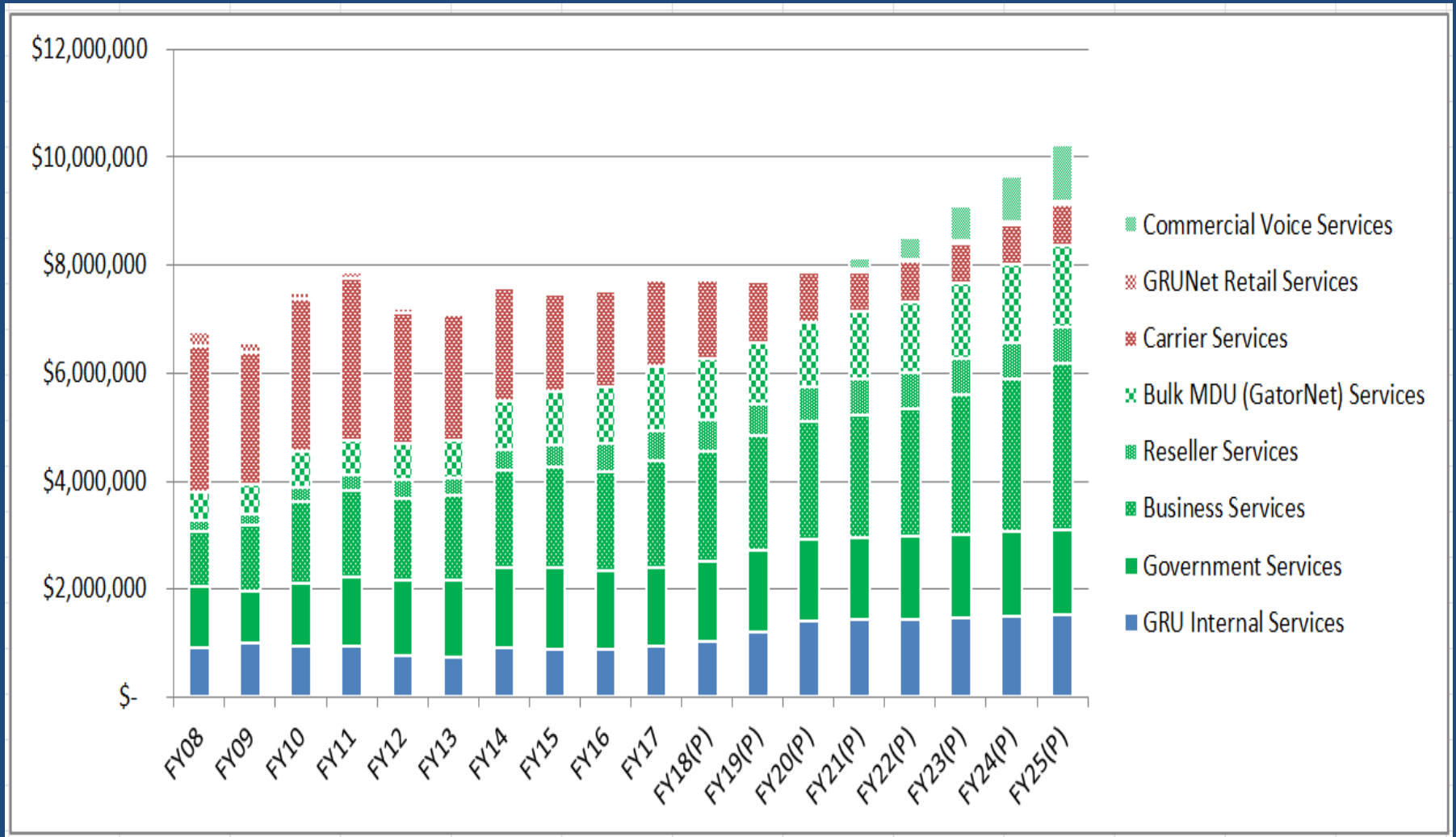
GRUCom Revenues

<u>Revenue Item</u>	<u>FY18 Actuals</u>
Telecommunications	\$7,734,382
Public Safety Radio	\$1,759,037
Tower Lease Rental	\$1,820,064
Other Income	\$49,506
Total	\$11,362,989

Increasing GRUCom Revenue

- Developed GATOR NET Wi-Fi
- Developed voice service offering
- Studying feasibility of broadband expansion throughout the county
- Upgrading Trunking Radio System with opportunity expand services and better recover costs in 2021 inter-local

GRUCom Revenue Trends



Questions from Commission...

- **Expand Connectivity**
 - 2009 study found that 99% have access to Broadband
 - Residential provider states speeds up to 150 mbps in service area
 - In many cases LTE service in the area exceeds 25 mbps
- **Lower Prices**
 - **CONNECT2Compete:**
 - for families participating in SNAP, TANF and the National School Lunch Program (\$9.95 for 5 mbps, no deposit required, contracts to sign, installation or modem rental fees)
 - for families living in HUD-assisted housing with school-age children (\$9.95 up to 10 Mbps, free WiFi, free installation)
 - **FCC Lifeline:**
 - discount on phone service for qualifying low-income consumers
 - 2016 Lifeline Modernization Order included broadband as a support service in the program
- **Increase Speeds**
 - GRUCom offers speeds up to 1 Gbps (since 2005), and can offer up to 10 Gbps
- **End the Digital Divide**
 - SBAC: GRUCom provides 10 Gbps enabled service to each school, scalable 20 Gbps
 - Alachua County Library District: GRUCom provides broadband service to every library branch throughout the county
 - GRUCom capability and sales drove 4G/LTE service implementation in Alachua county a year or more before similar sized markets

Business Case - Bulk Multi-Dwelling

- Construction costs - \$100,000
- Ports 1000
- Price per port \$10.00 (market based)
- Monthly Income \$10,000
- Recovery time of Construction costs – 10 months

Business Case – Single Family



Business Case - Single Family

- Construction Costs - \$122,500
- Ports 49
- Monthly Price to recover construction costs in 48 months -\$52.00
- Does not include inside costs (Homeowner)
- Does not cover operating costs
- Internet only
- 40,000 homes = \$100,000,000 for starters

Competition Between Public and Private Sector

- Municipals face challenges
 - Overbuilds (building a competing network through the city's rights of way) can be very expensive
 - Budgets/services are discussed in public forums
 - Smaller customer base
 - Smaller geographic area
 - Profit margins are smaller

Competition Between Public and Private Sector (continued)

- Incumbent providers have a number of advantages
 - They have a majority of customers
 - They can lower prices temporarily to ensure fewer customers “switch”
 - Infrastructure is in place
 - National customer base (allows incumbent to spread fixed cost across hundreds of thousands or millions of customers)
 - Strong marketing
 - Budgets and rate structure is not open to public discussion

What do Municipalities providing broadband have in common?

- Fiber Buildout was prompted to realize efficiencies on the electric system
- Electric Utilities built the fiber network to:
 - Provide AMR/AMI
 - Run SCADA Networks
 - Provide Internal Voice Networks
- Electric Utilities did not lower rates but rather attached a monetary value to the efficiencies which was then used to reinvest in the telecom network
- Increased regulatory pressure from incumbent providers

Key Strategy Considerations

- Determine priorities
 - Product or service to offer
 - Competition
 - Enhanced service
 - Equity and service to all
 - Public control over infrastructure
 - Risk avoidance
 - Ability and method to cover financial obligations