

Broadband Expansion Feasibility Analysis

Gainesville City Commission

September 20, 2018

What Brings us to Today?

- February 2017 - GPC requested the Charter Officers to develop a framework for a study to examine the potential for broadband expansion in Gainesville, subsequently Broadband Connectivity Subcommittee (BCS) established
- February 2018 the BCS approved a motion to proceed with an Invitation To Negotiate (ITN) process for a broadband feasibility analysis
- ITN process completed and BCS recommends developing agreement with CCG Consulting to provide the analysis, recommendations and report at the negotiated price of \$101,500 - \$105,500

Broadband Subcommittee Goals

Primary Goals:

- Lower prices and increased speeds for residents
- Lower prices and increased speeds for businesses
- Everyone has access to municipal network in designated areas

Secondary Goals:

- Lowest priced gigabit internet for residential service in the United States
- Lowest priced internet for businesses in the United States
- Universal free service to all residents served

Consideration of Other Areas

Areas for expansion of the analysis include:

- GRU Service Area
- Urban Reserve with consideration for density
- Municipal areas within the county where GRUCom has infrastructure (Newberry, Hawthorne, Archer, High Springs, Waldo and Alachua)

Engineering Analysis

- Assess GRUCom's current network to determine how much of it would be usable for a last mile network
- Identify neighborhoods for various type builds to establish cost per mile or homes passed
- Consider different network configurations for electronics, but will make a specific recommendation as to the best solution
- Estimate the cost of the ancillary assets needed to operate the businesses
- Cost estimates with 10-15% construction contingency

Financial Models

- Prepare a base study for each geographic footprint that will look at operating with pricing set at or near to market rates
- Then explore other options such as alternate financing, lower customer prices, and other variables that can affect the success of the business
- Calculate the breakeven penetration rate needed to achieve financial success
- Sensitivity analysis on the most important variables in the study
- Models will cover the period of anticipated financing, and include an income statement, balance sheet and statement of cash flow
- Provide spreadsheets for the various models to GRUCom for use as the basis for future refinement of forecasts
- Identify funding options

Market Analysis

- Residential Market Demand Survey
 - landline and cell
- Business Market Demand Questionnaire
 - telecom issues and needs
- Legal and Regulatory Assessment
- SWOT Analysis
- Competitive Analysis

Report of Findings

- Description of the work done
- Description of the findings
- Recommendations for moving forward
- Executive summary

Recommendation

- The Broadband Subcommittee recommends the Commission direct staff to move forward with CCG Consulting, upon successful completion of agreements, to complete a broadband expansion feasibility analysis.
- Staff recommends that the City Commission:
 1. Authorize the General Manager, or his designee, to negotiate and execute a contract with CCG Consulting to complete a broadband expansion feasibility analysis, subject to approval by the City Attorney as to form and legality;
 2. Approve funding, as requested by the subcommittee, to be split evenly between General Government and GRU.