



## Legislation Text

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**File #:** 180315., **Version:** 3

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### **Broadband Study Next Steps (B)**

At the City Commission meeting of June 20, 2019 the Commission received a Broadband Feasibility Study presentation from Doug Dawson, President of CCG Consulting, on the potential for the City providing broadband services to Gainesville and the surrounding area (the “Project”). This study was commissioned by the Broadband Subcommittee. Mr. Dawson’s study was to determine whether or not it was **feasible** to provide one gigabit product at the lowest price in the nation.

While he reported that it may be feasible, there are legal and financial hurdles that the commission and its staff have to address. The first step is to determine the public purpose for the provision of one gigabit of broadband. It is an important step because a municipality may not expend funds unless the expenditure is supported by a public purpose. For this particular expenditure, the City Attorney’s Office will be recommending that any moneys borrowed or bonds issued be validated through a bond validation proceeding in circuit court. The City Attorney’s office will walk the Commission through the necessary steps to identify the public purpose. We anticipate bringing this back to the Commission at the first meeting in October. The City Attorney’s Office will also reach out to the County Attorney’s Office to understand the County’s intent for the use of additional sales tax for this Project.

GRU Finance will be reviewing the financial models provided by the consultant during the same time frame as the City Attorney’s legal analysis. On a parallel track, GRUCom staff will initiate discussions with the City Commission to determine:

- Who may be eligible for digital divide pricing?
- What product will be offered to serve digital divide households?

Once GRU’s Financial Staff, GRUCom staff, and City Attorney’s Office have completed their reviews, if the City Commission determines to move forward with the Project, the Commission will need to appropriate additional funds as follows:

- Approximately \$100,000 to \$150,000 for Bond Counsel and Independent Financial Advisors to explore the market and determine the bonding costs and capabilities of the City for the Project
- Approximately \$30,000 to perform the digital divide study once the City Commission has set the parameters. Surveying will be developed and performed to estimate eligible customers and the pricing needed to achieve the greatest reach, with the resulting data to be used to estimate additional construction costs and to produce new financial models.
- Detailed engineering study to refine cost estimates
- Analysis of City fiber policies and practices
- Public education campaign

· Operational analysis and plan

The current fiscal impact to the City will be dedication of staff time. It is estimated that GRU's financial staff analysis will require approximately 150 hours of senior level staff time. GRUCom's discussions with commissioners to understand the parameters of the digital divide will require approximately 40 hours of staff time. The City Attorney's Office estimates approximately 80 hours of in-house attorney time.

Staff is not requesting commission appropriate funding at this time. If the Commission determines to proceed after hearing the staff's analysis in October, staff will ask the Commission to appropriate additional funding to complete the project review as follows:

<u>Maximum</u>	<u>Minimum</u>
Bond Counsel & Financial Advisor \$100,000 - \$150,000	
Digital Divide study \$30,000	\$30,000
Engineering, fiber policy analysis, public education campaign \$350,000	<u>\$200,000 -</u>
Total cost range \$530,000	\$330,000 -

The City Commission hear the presentation from staff. No action currently required.