

From: [Jeff Erwin](#)
To: [Lisa Smith](#)
Subject: Re:
Date: Tuesday, October 5, 2021 5:47:11 PM
Attachments: [image001.png](#)

<https://vimeo.com/576985312/b4287d3935>

From: Lisa Smith <lsmith@southwebercity.com>
Date: Tuesday, October 5, 2021 at 5:45 PM
To: Jeff Erwin <jerwin@utopiafiber.com>
Subject: <no subject>



South Weber

Fiber to the Premise (FTTP) Partnership

City Council Meeting

October 5, 2021



Experience

Experience Where it Counts

- 30 years of fiber optic deployment/management experience with more than 1400 route miles of fiber while maintaining a fiber transport network of approximately 2400 route miles
- Offers a fully redundant and geographically diverse fiber infrastructure in both the Salt Lake City and Denver metro areas.
- Provides a variety of services in several cities and counties within Utah, and surrounding states.



What We Do

The largest independent telecommunications cooperative in the State of Utah with over 70 years of experience. With nearly 300 qualified employees and an up-to-date and well-maintained fleet with required equipment needed to complete the work required to operate and maintain the Network, we specialize in:

- **Voice, Broadband**
- **Nationwide Wireless**
- **Carrier Aggregation/Switching**
- **Managed IT & Telemetry Services**
- **Marketing/Media Production & Distribution**
- **State of the Art Data Center**
- **Sophisticated 24/7/365 Network Operation Center (NOC)**



Utah-Based Telecommunications Cooperative

Founded in 1951 and headquartered in Roosevelt, Utah

Scope of Work



Provide Infrastructure to every South Weber home, business, public facility and private institution



Offer non-discriminatory open access



Share financial and operational risks



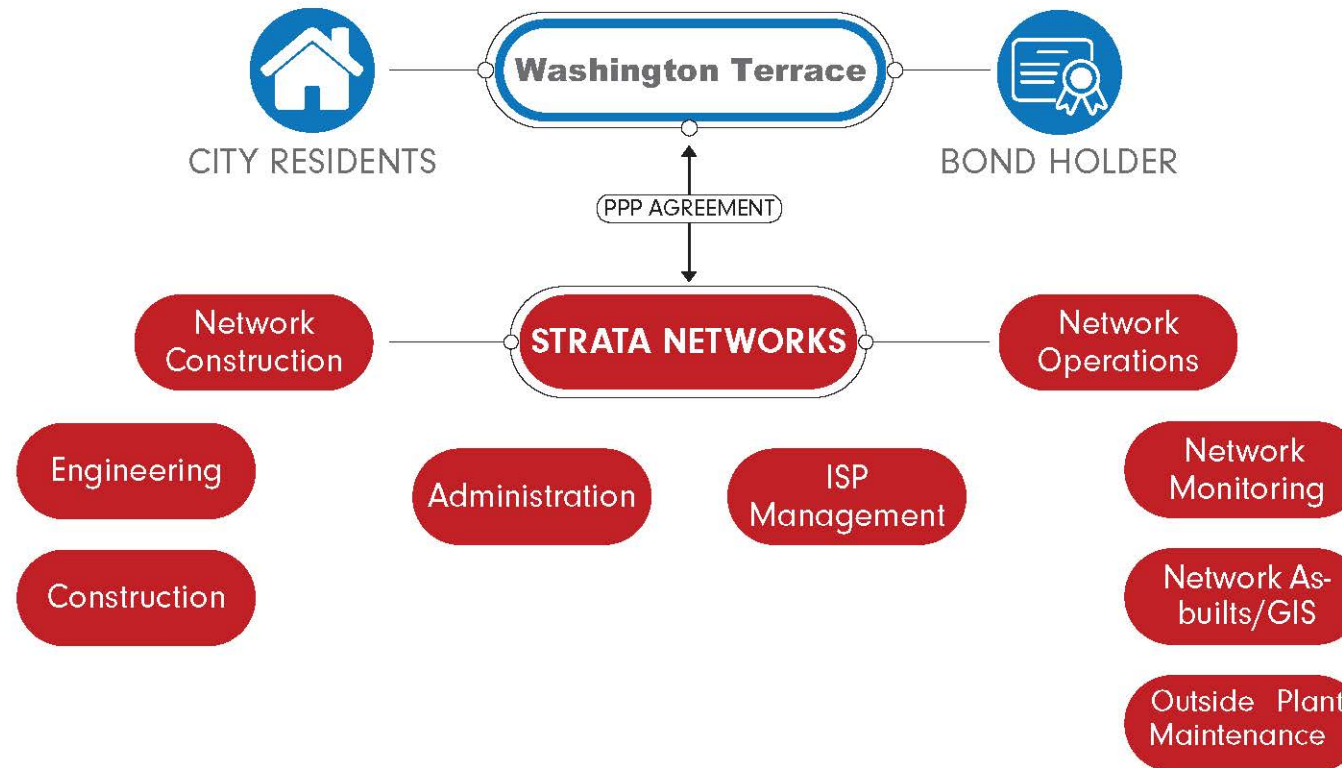
Provide cost-effective services



Provide interconnection between city facilities

Overview/Approach

Public Private Partnership (PPP) Proposition



Risks / Rewards



STRATA's proposal outlines a true "Public-Private-Partnership" wherein the City and STRATA share in the risk of the network investment:



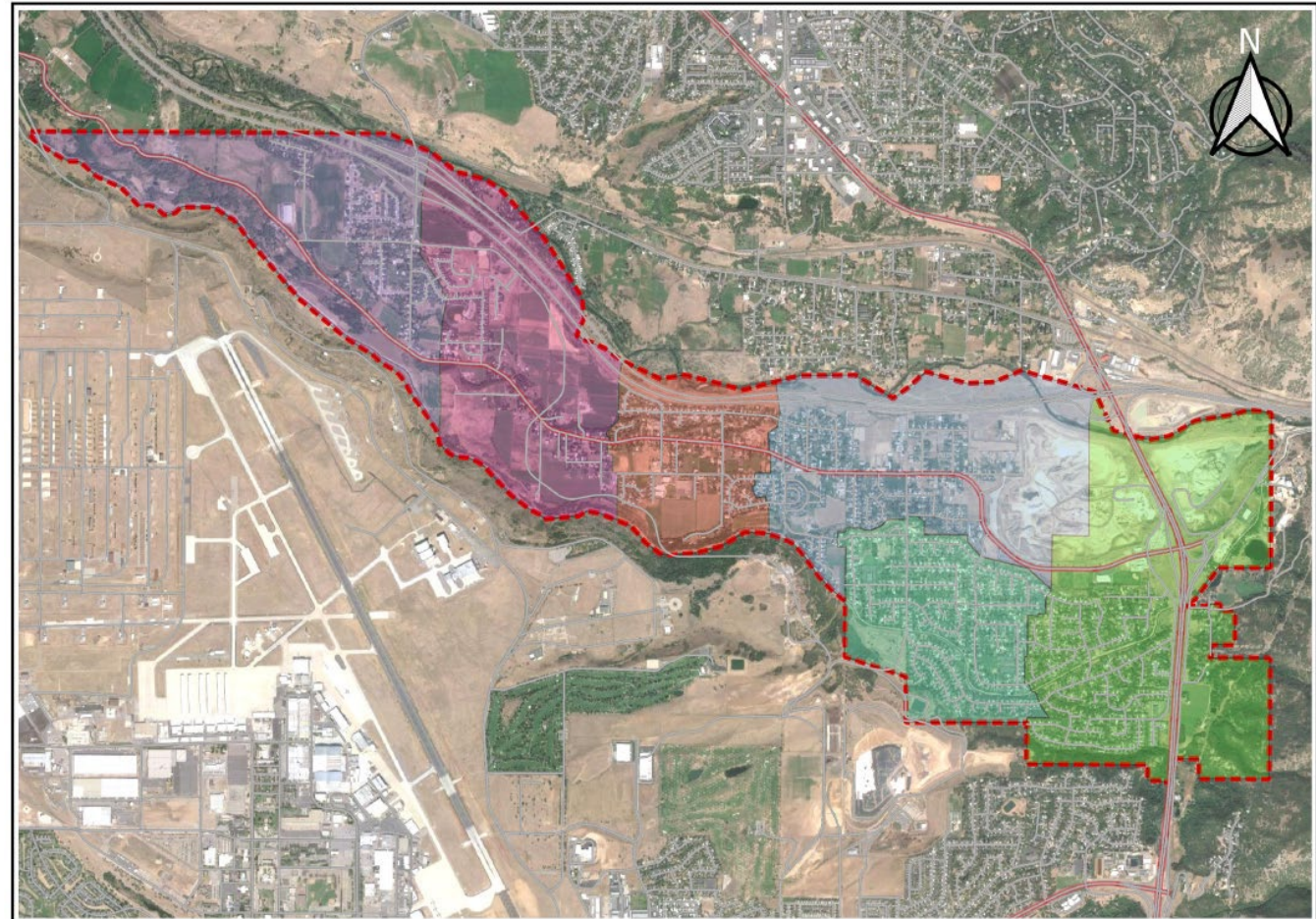
STRATA, as the long-term Network Operation partner for the City, only gets paid when subscribers join the network.



Under STRATA's unique model, the City owns the network, and thereby can benefit from long-term ownership and control of the network.

Topology Approach

- The network will be designed using 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 zones.
- Multi-gig capable network



TITLE: SOUTH WEBER PRELIMINARY FIBER ZONES

Subscriber Cost Breakdown


Utility Model

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.

Subscriber Cost Breakdown



Subscription Model

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

Comparative Capital Costs



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%

Note(s):

Construction methods assume a mix of Micro-Trenching (95%), Directional Drilling (4.5%), & Aerial Placement (0.5%).

Specific planning with City staff may change several inputs to the model which will impact the overall costs, revenues, debt obligations, and overall subscription take rate requirements.

Time and Schedule



Construction Start

- STRATA Networks proposes to begin design of the network immediately following the execution of a contract to construct
- STRATA will provide a demand aggregation tool to target areas with greatest demand first.
- Actual construction may start within 2-4 months of contract execution.
 - Material lead-times are currently difficult to predict. Construction will begin as soon as materials are available.



City-wide Deployment Timeline

- STRATA proposes a three-year construction period.
- STRATA proposes to divide the city into several neighborhood zones. Service will be available in a zone at the completion of the work within that zone.

THANK YOU



CONNEXT



Who We Are

- **Connext Began in 2001**
 - Dial-up Internet the Only Service Available
 - Wanted to bring all the pieces together for turn-key FTTP Builds
- **Wireless Internet Service Provider 2001 - Current**
 - Provided High-Speed Internet Service with a 4-star plus rating to Weber and Davis Counties for 20+ Years
- **Fiber-Optic Deployments 2015 - Current**
 - Insured / Bonded / Licensed / E100
 - Planned and installed our own fiber-optic backhaul infrastructure
 - Installation of MD7 fiber-optic conduit for UDoT
 - Google Fiber SLC
 - Kaysville City fiber-optic ring
 - Ogden City fiber builds and Airport Fiber Ring
 - Joint Use Agreement with Rocky Mountain Power
 - Currently building Farr West City, Plain City, Kaysville City, Clinton City and Roy City.



Turnkey Fiber Builds ISP, Construction, Distribution

- Internet Service Provider

- 20+ years as an Internet Service Provider
- Support staff trained and ready

- Connex Fiber-optic Construction

- Perform fiber-optic construction for ourselves & others
- In-house construction drastically reduces buildout cost
 - Other Internet Service Providers paying 200% or more in labor for aerial and underground construction



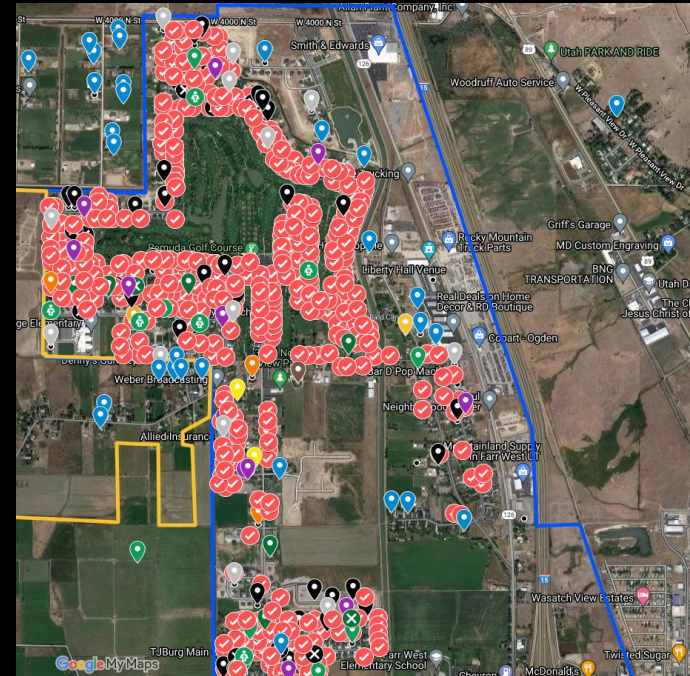
- Nimbus Sourcing & Distribution

- Sourcing items needed for fiber-optic build straight from manufacturers provides large cost savings
 - Other Internet Service Providers paying 300% or more for materials and equipment purchased from distributors



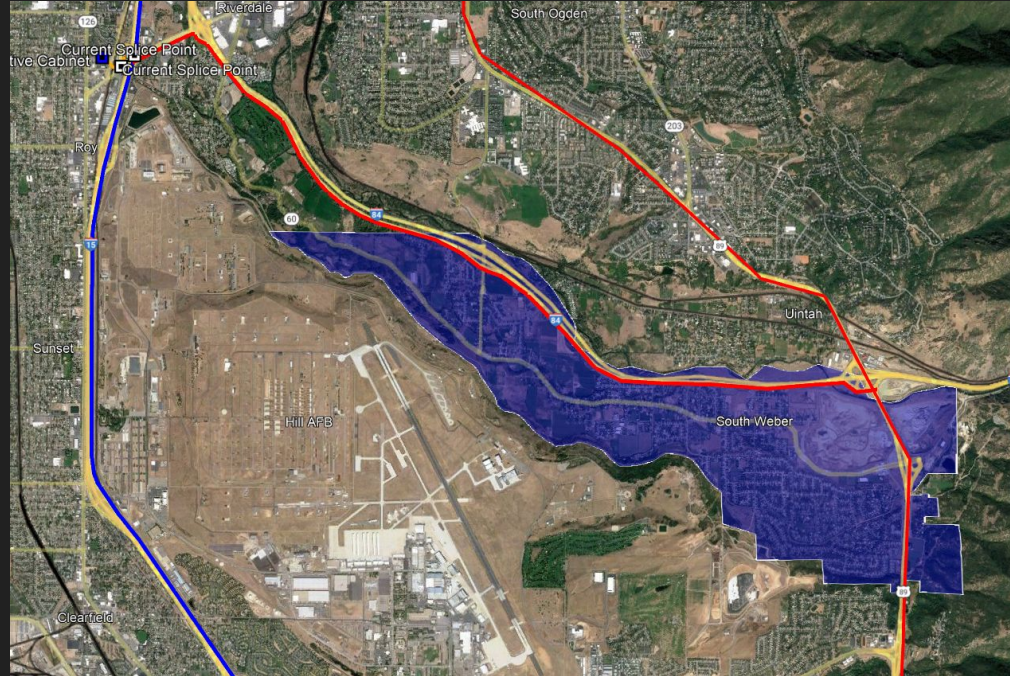
Current Fiber Project Farr West/Plain City

- **2019**
 - September: Met with City Council and citizens for the first time to discuss a fiber plan.
 - City Checklist
 - Fiber
 - 10Gb+ speeds available
 - No City Bond or Backstop
- **2020**
 - February: Decided on a wireless to fiber plan
 - March-October: Installed Wireless Micropops and installed 800+ clients in Farr West City
 - August: Signed Franchise agreement with Farr West City
 - September-November: Build Permit process with Udot and Rocky Mountain Power for backhaul access.
- **2021**
 - January-February: Materials and logistics
 - Mid-February: Construction ramp-up/fiber build begins
 - October 1st: More than 3,000 homes passed
 - Average take rate between 50% and 70%
 - This month we tripled our build capacity.



South Weber

- Around 2,300 Homes
- Already part of our build plan
- Multiple connecting points for our backhaul fiber
- Speeds available at 10Gb and beyond
- No Contract
- Open Network



CONNEXT FIBER-OPTIC HIGH-SPEED INTERNET

STARTER

\$35/mo

Promotional NO installation fee*

100 Mbps
Unlimited Data
NO Hidden Fees or Taxes
NO Contract Required

ADVANCED

\$50/mo

Promotional NO installation fee*

250 Mbps
Unlimited Data
NO Hidden Fees or Taxes
NO Contract Required

PRO

\$65/mo

Promotional NO installation fee*

1000 Mbps
Unlimited Data
NO Hidden Fees or Taxes
NO Contract Required

City Financing

Private Company

- No city debt
- We connect city facilities for free
- We build out entire cities

Bond

- City debt or city backstop(still debt)
- The City is creating legal complexity.
- Entire city is built
- The possibility that the City will be paying on the debt.

What about existing franchisees/providers?

What happens if a new fiber provider wants to build out the city?

- It's already happening in Utah