

**Pleasant Grove City
City Council Meeting Minutes
Work Session
October 20, 2020
4:30 p.m.**

Mayor: Guy L. Fugal

Council Members: Dianna Andersen
Brent Bullock
Eric Jensen
Cyd LeMone
Todd Williams

Staff Present: Scott Darrington, City Administrator
Daniel Cardenas, Community Development Director
Deon Giles, Parks Director
Tyler Wilkins, Recreation Director
Tina Petersen, City Attorney
Kathy Kresser, City Recorder
Marty Beaumont, Public Works Director
Kyler Ludwig, HR Director
Mike Roberts, Police Chief
Drew Engemann, Deputy Fire Chief
Denise Roy, Finance Director
Sheri Britsch, Library Director

The City Council and staff met in the Community Room, 108 South 100 East, Pleasant Grove, Utah.

4:30 P.M. WORK SESSION

1) RECOGNITION OF POLICE DEPARTMENT

City Administrator, Scott Darrington reported that a few weeks earlier there was a recognition for employees involved in the boil order and the Battle Creek fire. He forgot to include the Police Department. Police Chief, Mike Roberts recapped the Battle Creek fire and stated that Officer Steven Britton worked with the Fire Command to assist hikers off the trail and clear the parking lot for the fire trucks. He also helped with evacuations and traffic control as the fire progressed.

Sergeant Mike Bartell, Corporal Skyler Winder, and Detective Derick Shumway helped with evacuations and traffic control. Chief Roberts explained that traffic control involved standing at an intersection and directing everyone on where to go for safety and out of the way of emergency vehicles and fire trucks. Officers Michael Stowe and Devon Kirkham controlled traffic to ensure that people did not go beyond 1500 East and 200 South. Sergeant Carl Nelson, Corporal Chris Petersen, and Officer Chris Ruiz helped the officer on duty and helped control traffic. When the evacuation order came together with the Highway Patrol and the Sheriff's Office, the police went house to house

evacuating people. Chief Roberts acknowledged the team for their efforts and stated that the recognition was well deserved.

2) "BEST OF UTAH VALLEY" AWARD PRESENTATION TO THE LITERACY CENTER

Library Director, Sheri Britsch gave a presentation on the Literacy Center that is run by Linda Butler. She reported that Ms. Butler has run the center single-handedly with a lot of volunteer help for nine years. She was able to keep the center going even during COVID-19. Ms. Britsch reported that *The Daily Herald* congratulated the Pleasant Grove Literacy Center for being voted the Best of Utah Valley in the Best Tutoring Center category.

Linda Butler explained that to access the center only a Pleasant Grove library card and a one-time charge of \$5 are needed. The fee is used to facilitate a background check for those working with minors. When the program began there were six children and three tutors. This number increased over time to 63 to 64 children. Due to the limited space, they now have 45 to 50 children each with a tutor who spends one hour per week volunteering to work with children in the community on reading.

Ms. Butler explained that as a result of COVID-19 they have had to move the program online. The program is small but the children are being helped and the parents are appreciative. She shared comments received from parents. Ms. Butler was commended for the services she provides to the community and for winning an award.

Council Member Bullock asked if the center works with older people. Ms. Butler confirmed that the center is for kindergarten age and up. She has had about one adult participate every year. She has also worked with people who need to learn to read better in English to obtain citizenship. Ms. Butler state that children can sign up online. They were not advertising since a large number is difficult to manage with COVID-19.

3) UTOPIA BROADBAND SURVEY

It was reported that UTOPIA prepared a survey that was sent out in an effort to determine if there was a need to provide broadband to citizens. UTOPIA Executive Director, Roger Timmerman reported that it was a good survey with a good response. He presented slides and reported on the changes that have occurred since they last met. The City of Clearfield was identified as a new partner and discussions were ongoing with other cities. They reported growth in that they have new service providers, more customers, and cities. Mr. Timmerman reported that they connected approximately 4,000 homes to the fiber network since they met last with the city.

Mr. Timmerman reported that UTOPIA has a program with the Utah Infrastructure Agency ("UIA"), which is a second phase entity that finances and builds new networks. When partnering with UIA, any of the obligations or debts from other projects and earlier phases of UTOPIA are not taken into account. UIA completed approximately \$230 million in fiber projects in different cities and they hit all of the targets for take rate in revenues. He reported that there are no expenses to those cities as they are all part of UIA, however, each city takes on the risk of the project. There was an agreement with the City regarding the dollar amount needed to finance the project.

Mr. Timmerman reported that the risk avoidance structure is not designed to need money from the City. He explained that original cities do not have these terms. UIA charges \$30 per month to finance the project. They have a target of a 40% take rate to meet the debt service for the project. He explained that the obligation begins after two years but they built two years of capitalized interest into the financing and accrued a buffer. He added that it takes five years to get to the take rate as there is being a shortfall that is covered by the accrued revenues from the first two years. The City never gets to being assessed any cost even though it takes five years to attain the take rate.

Mr. Timmerman noted that Pleasant Grove City already has some fiber routes, which will make it faster and less expensive to build the network. Mr. Timmerman displayed the existing fiber routes, which he was certain would help them generate revenue more quickly as they will offer business opportunities that will offset the risks. The City of Lindon is the closest municipality to Pleasant Grove and their take rate has gone up and will continue to increase as new homes are built. Obligations tied to financing decrease as the take rate increases.

Mr. Timmerman described the process followed for the project. The community survey was completed and the results were reported. Formalizing the terms of the proposal would follow. The findings proved that there is a slightly lower Digital Subscriber Line ("DSL") take rate in higher wireless areas. To ensure they can differentiate the results collected from across the City, Comcast has been painted orange, wireless yellow, and Century Link DSL green.

With respect to the charges, it was discovered that there were several categories, \$100-\$120, \$80-\$100, and \$61-\$80, which was the lowest. UTOPIA's speed was better than anything available. There was a probability that those paying \$60 and below embraced change based on speed or can maintain what they already have. The download speed was determined to be consistent with what is in other cities without UTOPIA.

With regard to why the subscribers selected what they did, they prioritized price, speed, and reliability. Those who looked at the price were likely to choose wireless or DSL and those for speed were likely to go with the cable option, which had a premium.

Mr. Timmerman presented a Net Promoter Score, which is an industry metric used to gauge customer satisfaction for a popular provider. The score was -55, which is bad for an internet provider. He reported that UTOPIA posed the same question to their subscribers using a third party. Kim McKinley was introduced as the company's Chief Marketing Officer and Lane Flag as the IT director. Ms. McKinley verified that they got a score of 62, which is the best in Utah. There was strong support for the City pursuing broadband options.

Council Member Williams asked about the sample size of the survey, which was 837. Mr. Timmerman explained that there was a link provided and it was not possible to take the survey multiple times because the IP address was blocked if anyone attempted to do so. Council Member Jensen questioned the similarity of responses from city to city. Mr. Timmerman affirmed that they recognized consistency with what they had seen in other cities so there was no cause for alarm.

Mr. Timmerman addressed the present structures where the subscriber's model could be paid for by those that voluntarily sign up and the utility model where they assess everybody in the city some

amount of money. A survey was conducted in Cedar Hills where there were two options. The first was requiring the utility to pay \$10 and subscribers pay \$30 per month plus the service provider fee. It was noted that the subscriber model was more popular.

Council Member Andersen was interested in the numbers they got when they contrasted online and mailed surveys. Mr. Timmerman stated that it was consistent and respondents were notified by mail after which the survey was taken online. The only question that came up was if there would be enough people to sign up and make it worth it.

The survey asked if people would sign up for options that are available from a broadband provider. There was a difference from what they had seen before. Half of the respondents reported that they would sign up for one GB while the other half would sign up for 250 MG. There was a trend toward GB with people being willing to pay an extra \$13 for a higher speed. He mentioned that they were looking for plans to lower prices for the 10 GB which is \$230. He commented that over time products will change and it would be possible to get higher speeds for the same price. The choices to maintain the current service or choose a different service were spread out evenly throughout the City.

Mr. Timmerman commented on other projects they have done that cost \$170 million across the various cities including Layton, Woodland Hills, Morgan, and Payson. There was good news in that there was a 40% risk for the take rate. Protections were in place and other revenues such as the City's own services to help gear them towards this. As a result, the project costs were reduced.

UTOPIA designed the entire system in-house, which proved to be more cost-effective compared to having another firm do it. The existing assets and infrastructure they had already built lowered the number of subscriptions needed to cover the cost. As a result of the updated designs and plans, the 40% risk was now at 33.6% from residential customers and they still had businesses and other opportunities to buffer. Mr. Timmerman was certain that they will need flexibility and headroom in the event interest rates increase since the obligation will get pegged to the actual financing terms, which will be lower than what they would want in the contract.

Mr. Timmerman reported that a draft was to be provided for the Council to review. If they approved it, the project would commence. Contractually, it ought to be 2 ½ years, but it could be done in less than two years. The Council's obligation would begin after 2 ½ years. Any business orders and opportunities that come would start counting toward buffering them against any risk on the project. Mr. Timmerman claimed this was one of the lowest risk projects they have looked at and one of the areas with the highest demand. There were no concerns from their perspective. The project would run parallel from the southwest to the northeast.

Council Member Jensen asked if there were hindrances that would prevent them from not getting to certain areas. Mr. Timmerman confirmed that there were challenges such as canal crossings, railroad crossings, and engineering problems if there are no sufficient public or private utility easements.

In response to a question raised, Mr. Timmerman explained that small businesses pay \$100 for an entry point for a fiber connection. Some businesses are spending thousands of dollars each month. The existing businesses are financed as part of some other previous project or bond. New connections will count toward the take rate. Council Member Williams supported the project because despite there being a few other options, none of them were good in terms of speed.

Mayor Fugal was certain that the competition had already written off Pleasant Grove. It was noted that Kaysville issued a Request for Proposal ("RFP") and UTOPIA did not respond since it was political. Mr. Timmerman reported that Kaysville will have a great take rate and demand but UTOPIA did not submit a proposal. This was because the city was not interested in partnering with them.

Council Member Jensen suggested that if a city's take rate is greater than 40%, the overages go toward the bond payments for every city to pay off bonds faster. Mr. Timmerman explained that as they exceed the take rate, the UIA goes under since those installations are not financed by the City. He added that there was a potential upside and a downside, which is breakeven for them.

Council Member Williams asked if they cover Vineyard City. They do not since part of the city has terrible services and they had a master developer installing new infrastructure. It was noted that they signed a lot of exclusivity with the first digital, which meant that people were obligated to use a service permanently.

Council Member Jensen asked how they handled high density. Mr. Timmerman stated that apartments or condos that buy in bulk are treated as a business connection. They sell one connection then a provider does the distribution to the door. If the owner does not want the bulk deal, they could choose UTOPIA. In this case, the owner buys bulk and pays \$10 per unit rather than \$30. Everyone is then obligated to that service but they still have their choice of provider. The advantage of this option is that it offers a bulk rate discount and they have their choice of provider and speed. There is a guaranteed 100% take rate in the area, but the revenue is lower.

Public Works Director, Marty Beaumont was concerned if there are cities taking advantage of services going through fiber as far as connections to their meters. Most cities still drive the trucks around once a month. Other cities put permanently connected meters throughout the City connected with fiber. This ensures that the City has continuous readings from all of the meters without driving trucks around all the time. 100% of this revenue offsets the risk on the guarantee.

Council Member Jensen pointed out that some of the fibers will be going by some parks. There had been discussion about safety and installing cameras on the fiber.

Mr. Timmerman briefly commented on the Smart City applications. He stated that they could help cities with their connectivity needs and even get into the applications. He further explained that air quality sensors are installed in all fiber huts at no cost. UTOPIA would help the City get Wi-Fi into all parks, which would allow them to connect their video surveillance. UTOPIA was partnering with BYU to install thermal imaging cameras that can see through smoke.

Administrator Darrington reported that they were looking into two options. Recommendations would be made going forward. He asked that Mr. Timmerman share their contract and stated that they will determine whether other providers would like to bid on the service.

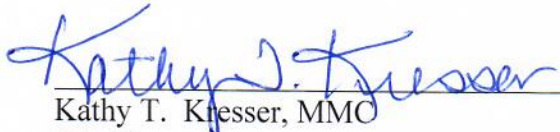
4) CENTRAL CORRIDOR TRANSPORTATION STUDY RESULTS

5) STAFF BUSINESS

6) **ADJOURNMENT**

ACTION: Council Member Williams moved to adjourn the Work Session at 5:33 p.m. Council Member Bullock seconded the motion. The motion carried with the unanimous consent of the Council.

The City Council Work Session Minutes of October 20, 2020, were approved by the City Council on November 10, 2020.


Kathy T. Kresser, MMC

City Recorder

(Exhibits are in the City Council Minutes binders in the Recorder's office.)

