City Council Worksession Agenda

March 10, 2020 at 5:00 PM

1001 11th Avenue, City Center South, Greeley, CO 80631

Mayor
John Gates

Councilmembers

Tommy Butler
Ward I

Brett Payton
Ward II

Michael Fitzsimmons
Ward III

Dale Hall
Ward IV

Kristin Zasada
At-Large

Ed Clark
At-Large

A City Achieving Community Excellence

Greeley promotes a healthy, diverse economy and high quality of life responsive to all its residents and neighborhoods, thoughtfully managing its human and natural resources in a manner that creates and sustains a safe, unique, vibrant and rewarding community in which to live, work, and play.

1. Call to Order

2. Pledge of Allegiance

3. Roll Call

4. Reports from Mayor and Councilmembers

5. Discussion regarding Potential Tax Renewal Ballot Issues for November 2020 (5:00 – 6:30 p.m.)

   Renee Wheeler, Finance Director

6. Broadband Task Force Recommendation regarding City of Greeley Broadband Service Option (6:30 – 7:00 p.m.)

   Scott Magerfleisch, IT Director

7. Scheduling of Meetings, Other Events

   Roy Otto, City Manager

8. Adjournment

Worksession Agenda Summary

March 10, 2020

Agenda Item Number 1

Title:

Call to Order

Worksession Agenda Summary

March 10, 2020

Agenda Item Number 2

Title:

Pledge of Allegiance

Worksession Agenda Summary

March 10, 2020

Agenda Item Number 3

Title:

Roll Call:

1. Mayor Gates
2. Councilmember Butler
3. Councilmember Payton
4. Councilmember Hall
5. Councilmember Fitzsimmons
6. Councilmember Clark
7. Councilmember Zasada

Worksession Agenda Summary

March 10, 2020

Agenda Item Number 4

Title:

Reports from Mayor and Councilmembers

Background:

This Council Reports item has traditionally appeared on Council's regular meeting agenda; however, Council expressed a desire, at its February Council Retreat, to move it to Council's Worksession meeting agendas to allow for better opportunity to report on activities of the committees/boards to which they have been assigned and to seek feedback and input on various committee/board initiatives and actions. During this portion of the meeting any Councilmember may offer a summary of the Councilmember's attendance at assigned board/committee meetings and should include key highlights and points that may require additional decision and discussion by the full Council at this or a future Worksession.

Board/Committee	Meeting Day/Time	Assignment
--Team of 2-- Board/Commission Interviews	Monthly as Needed	Council Rotation
Water & Sewer Board	3rd Wed, 2:00 pm	Gates
Youth Commission Liaison	4th Mon, 6:00 pm	Butler
Historic Preservation Loan Committee	As Needed	Zasada
Police Pension Board	Quarterly	Clark
Employee Health Board	As Needed	Fitzsimmons
Airport Authority	3rd Thur, 3:30 pm	Payton/Clark
Visit Greeley	3rd Wed, 7:30 am	Fitzsimmons
Upstate Colorado Economic Development	Last Wed, 7:00 am	Gates/Hall
Greeley Chamber of Commerce	4th Mon, 11:30 am	Hall
Island Grove Advisory Board	1st Thur, 3:30 pm	Butler
Weld Project Connect Committee (United Way)	As Needed	Hall
Downtown Development Authority	3rd Thur, 7:30 am	Butler/Zasada
Transportation/Air Quality MPO	1st Thur, 6:00 pm	Payton/Gates
Poudre River Trail	1st Thur, 7:00 am	Hall
Interstate 25 Coalition	As Needed	Gates
Highway 85 Coalition	As Needed	Gates
Highway 34 Coalition	As Needed	Payton
CML Policy Committee (Council or Staff)	As Needed	Payton/Otto Gates alternate
CML Executive Board opportunity	As Needed	Hall
CML - Other opportunities	As Available/Desired	

Worksession Agenda Summary

March 10, 2020 (5:00 – 6:30 p.m.)

Agenda Item Number 5

Paul Fetherston, Assistant City Manager
Renee Wheeler, Finance Director
Joel Hemesath, Director - Public Works Department
Andy McRoberts, Director - Culture Parks and Recreation Department
Will Jones, Deputy Director - Public Works Department

Title:

Discussion regarding Potential Tax Renewal Ballot Issues for November 2020
Food Tax (expires 2021)
Keep Greeley Moving (expires 2022)

Background:

The purpose of this work session is to present and discuss potential ballot measures related to renewals of existing sales taxes. This memorandum and corresponding presentations are intended to provide background so City Council (Council) may provide guidance regarding:

1. Renewal of the five-year 3.0 % Food Tax (sales on groceries only) originally approved by the voters in 1990 and which is scheduled to expire in 2021 that funds capital projects including construction, improvements maintenance and repairs to public building, recreational facilities and streets.

2. Renewal of the seven-year 0.65% Keep Greeley Moving Tax (sales – food exempt) originally approved by the voters in 2015 and which is scheduled to expire in 2022 that funds street-related improvements and repairs.

In anticipation of the upcoming expiration of each respective sales tax, staff started meeting with the Council appointed Citizen Budget Advisory Committee (CBAC) in November 2019 to discuss options, recommendations and next steps.

Food Tax

The Food Tax, which is a sales tax of 3.0% on groceries only, was originally approved by voters in 1990 and has remained at the same rate for each five-year renewal since that time. The purpose of the Food Tax has been and remains focused largely on the repair and/ or replacement of public buildings, recreational facilities and streets. The Food Tax, the major funding source for projects of this nature, generated revenue which has been invested in the following amounts and areas during the period of 2014-2018:

AREA	AMOUNT	SUPPORTING AREAS WITH
Parks Maintenance	$5.7 Million	1,738 acres of parks and open space
Building Maintenance	$6.9 Million	Over 1 Million square feet of facility space
Traffic Signal Maintenance	$500,000	68 traffic signals
Street Maintenance	$29.7 Million	379 Road Miles, 700 miles of Curb, Gutter and Sidewalk
ADA accessibility	$1.8 Million	Funding ADA compliance projects

While the funding and support of the taxpayers remains critical to the community's infrastructure, the funding for the maintenance of a growing and aging infrastructure (streets, sidewalks, parks, building, and traffic network) with a tax that has remained flat over 30 years results in a growing and compounding deficit. With an annual average revenue growth of 3.0%, offset by an annual average asset growth of 3.0%, and further impacted by an annual average construction cost inflation factor of 2.9%, the City is losing ground every year.

Based on the current Food Tax collection and annual transfer to Keep Greeley Moving, an average of $4.7 million is available each year for investment in infrastructure maintenance. When compared to an annual infrastructure maintenance need of $10.6 million (based on the industry standard useful life of assets), there is an annual shortfall of $5.9 Million.

While there are infrastructure needs that far exceed the revenue currently generated by the Food Tax, staff has made a recommendation – with which the CBAC concurs – to seek a renewal of the existing Food Tax for a five-year period with no changes. If renewed as recommended, the Food Tax is estimated to generate approximately $45 Million in revenue to maintain community amenities over the next five years. This timeframe will enable staff to start developing master plans that will identify the prioritized capital needs within the areas of facilities, transportation, culture parks and recreation, over a five to ten year period. This information will be critical to informing a community-wide discussion by 2025 of what changes to the existing sales tax structure may be needed to support the community's infrastructure.

Keep Greeley Moving

Greeley voters first approved the Keep Greeley Moving (KGM) tax in 2015 for a period of a seven-year 0.65% sales (food exempt) focused on street related improvements and repairs. Currently set to expire in 2022, over the last three years, the KGM tax has resulted in the following investments:

AREA	**AMOUNT**
Concrete repairs (including 38,631 linear feet of sidewalks)	$3.2 Million
Seal coat 49.63 miles of roadway	$3.3 Million
Patching of 54,298 square yards of roadway	$3.4 Million
Overlay of 29.76 miles of roadway	$16.9 Million
Applied 794,296 pounds of crack seal	$1.3 Million
Roadway expansion work (including 20th Street and 71st Avenue)	$13 Million
Total Revenue Invested	$41.1 Million

The funding and support of the taxpayers of KGM was a significant step in making progress in the City's ability to enhance its street improvements and repairs. Without this voter approved funding, the investments highlighted above would not have been possible. During the first four years of KGM, the funding has helped reduce the backlog of overlay projects from 85 miles to 52 miles, and has helped improve the road system's average Pavement Quality Index (PQI) rating from 61 to 65. While the funding has enabled progress, a significant backlog of road maintenance needs remains for the City's 397 miles of roads. Additionally, there are over $40 million in curb, gutter and sidewalk needs that still exist today.

The KGM funding was not intended to and has not been able to fully address the backlog of improvement and repair projects due in part to construction cost inflation and annual asset growth similar to the Food Tax. With an annual average growth of 3.0%, offset by an annual average asset growth of 3.0%, and further compounded by an annual average construction cost inflation factor of 2.9%, the City is losing ground every year.

Based on the current KGM revenue collection- supplemented by an annual transfer of $3.6 million to the Road Development fund for road widening projects and an annual transfer from the Food Tax of $2.7 million for pavement maintenance - an average of $11.5 million is available each year for investment in street repair. When compared to an annual need of $14.0 million, there is an annual shortfall of $2.85 million.

While there are street improvement and repair needs that far exceed the revenue currently generated by the KGM, staff has made a recommendation – with which the CBAC concurs – to seek a renewal of the existing KGM in November 2020 for a seven-year period with no changes. If renewed, the Food Tax is estimated to generate approximately

$80.5 Million in revenue over seven-years for street improvements and repair.

Colorado communities generally seek voter approval of a tax renewal one year in advance of its expiration date. This strategy allows elected officials, staff and citizen committees the opportunity to have one additional renewal effort in the event the initial measure fails. The recommendation made by staff – with which the CBAC concurs – to seek voter approval of the KGM's renewal two years in advance of its expiration is based on the following rationale:

a. Tax renewals take a significant amount of staff time for important functions associated with such efforts including but not limited to the preparation of research, data and recommendations; presenting to and processing through committees such as the CBAC; and making informational presentations to citizen groups in advance of the election. Seeking renewal of the existing KGM tax, with no change, at the same time as the Food Tax will enable the staff to not have to utilize staff resources next year thereby allowing such resources to be refocused.

b. The ability to refocus staff resources over the next four years – without an additional tax renewal effort - on starting the development of master plans that will identify the capital needs and priorities within the areas of facilities, transportation, culture parks and recreation over a five to ten year horizon. This information will be critical to informing a community-wide discussion by 2025 of what changes to the existing sales tax structure may be needed to support the community's infrastructure – including street improvement and repair.

Citizen Budget Advisory Committee (CBAC) Recommendation

Over the period of November 2019 through February 2020, the CBAC engaged in discussions regarding staff presentations and recommendations pertaining to both the Food Tax and KGM. A summary of its recommendations are provided below. The CBAC Chair will make a brief presentation of its work and recommendations during the March 10 Work Session and be available for questions and discussion.

Consideration	Food Tax	KGM
Rate	Remain same: 3.0%	Remain same: 0.65%
Term of the Tax	Remain same: 5 years	Remain same: 7 years
Ballot Timing	2020	2020
Purpose	Remain same	Remain same
Citizen Oversight Board	CBAC	CBAC

Decision Options:

Based on the work and recommendations of the CBAC in conjunction with staff, the following questions are presented for Council discussion and consideration:

1. Does Council have any questions relative to each of the respective taxes and the recommendations to move both items to ballot in November 2020?

2. Does Council want staff to continue to move forward with steps towards placing the following items on the November 2020 ballot:
   a. Renewal of the 3.0% Food Tax (sales on groceries only) for a five-year period to expire in 2026?

   b. Renewal of the 0.65% Keep Greeley Moving Tax (sales – food exempt) for a seven-year period to expire in 2029?

3. The current Capital Improvement Plan anticipates that the Keep Greeley Moving Fund will be the source for street maintenance funding and Food Tax will no longer automatically transfer $2.7 million for the funding of street maintenance purposes after 2022. Does Council support the plan to cease automatic transfers of Food Tax funding to Keep Greeley Moving beginning 2023?

Attachments:

PowerPoint

City of Greeley 2019 – 2024 Election Timeline

2019
Municipal Election
District 6 Ballot Question 4C

2020
Presidential Election
State Election
Food Tax Renewal (2021)

2021
Municipal Election
Keep Greeley Moving (2022)

2022
State Election

2023
Municipal Election

2024
Presidential Election
State Election

Additional Considerations

- Broadband Internet
- Water & Sewer and Stormwater Capital Needs
- Regional Transportation Authority
- Open Space and Natural Areas
- School Facilities
- Quality of Life (.30 sales) and Public Safety (.16 sales) expire in 2042

City of Greeley Colorado

Renewal of Food Tax & Keep Greeley Moving

March 10, 2020 City Council Work Session

City of Greeley Colorado

Purpose

Tax	Expiration
Food Tax	2021
Keep Greeley Moving (KGM)	2022

Food Tax Current Uses:

TO CONTINUE FUNDING CAPITAL PROJECTS, INCLUDING WITHOUT LIMITATION CONSTRUCTION, IMPROVEMENTS MAINTENANCE AND REPAIRS TO PUBLIC BUILDINGS, RECREATIONAL FACILITIES AND STREETS

Keep Greeley Moving Current Uses:

FOR STREET-RELATED IMPROVEMENTS AND REPAIRS

City of Greeley Colorado

2020-2022 Tax Renewal Timeline

November 2019 – February 2020

CBAC Reviews and Develops Recommendation

Food Tax

Keep Greeley Moving

March 2020

Council Presentation of Recommendations on:

Food Tax

Keep Greeley Moving

Broadband Internet

March – May 2020

Council Considers November 2020 Ballot Items

March – November 2020

Public Information Campaign on Potential 2020 Ballot Items

August 2020

Deadline for Council to set 2020 Ballot language

November 3, 2020

Presidential Election

State Election

Greeley Ballot Issues

- Food Tax Renewal (2021)

- Keep Greeley Moving Renewal ? (2022)

- Broadband Internet?

December 31, 2021

Food Tax expires if not renewed prior

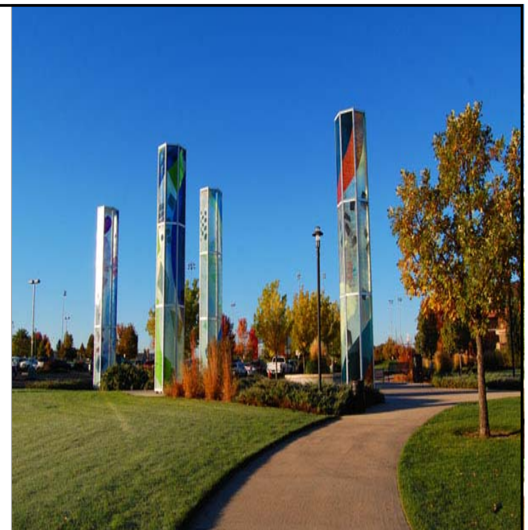
December 31, 2022

KGM expires if not renewed prior

City of Greeley Colorado

Overview March City Council Work session

- **Food Tax**
  - Election History
  - Achievements 2014-2018
  - Needs and Consequences
- **Keep Greeley Moving**
  - Election History
  - Achievements 2014-2018
  - Needs and Consequences
- **CBAC Considerations & Recommendation**



City of Greeley Colorado

Food Tax Overview

- 1990: First approved by voters.
  - Voter approved every five years since.
- 3.00% tax on groceries only (food for home consumption)
- Funding focused on repair/replace

City of Greeley Colorado

3% Food Tax Authorization History

1991-1995
- Includes Stormwater & Fire Apparatus

1996-2000
- No Significant Change

2001-2005
- Removes Stormwater & Fire Apparatus
- Allows for Financing

2006-2010
- No Significant Change

2011-2015
- 70% Dedication to Roads

2016-2020
- 70% Dedication Removed

KEEP GREELEY MOVING

City of Greeley Colorado

Food Tax Purpose– Building Maintenance

1,000,000 Plus Square Feet of Facilities

City of Greeley Colorado

Food Tax Purpose – Park Maintenance

1,738 Acres of Parks & Open Space

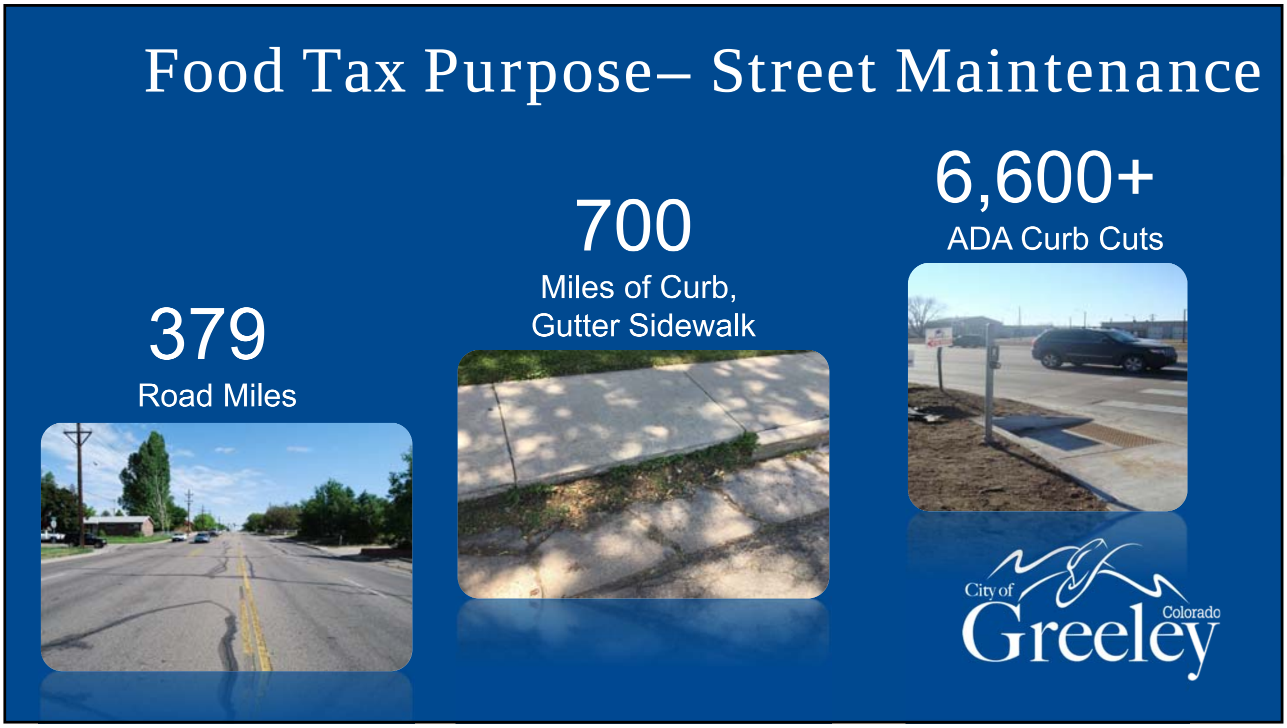
City of Greeley Colorado

Food Tax Purpose– Traffic Signal Maintenance

68

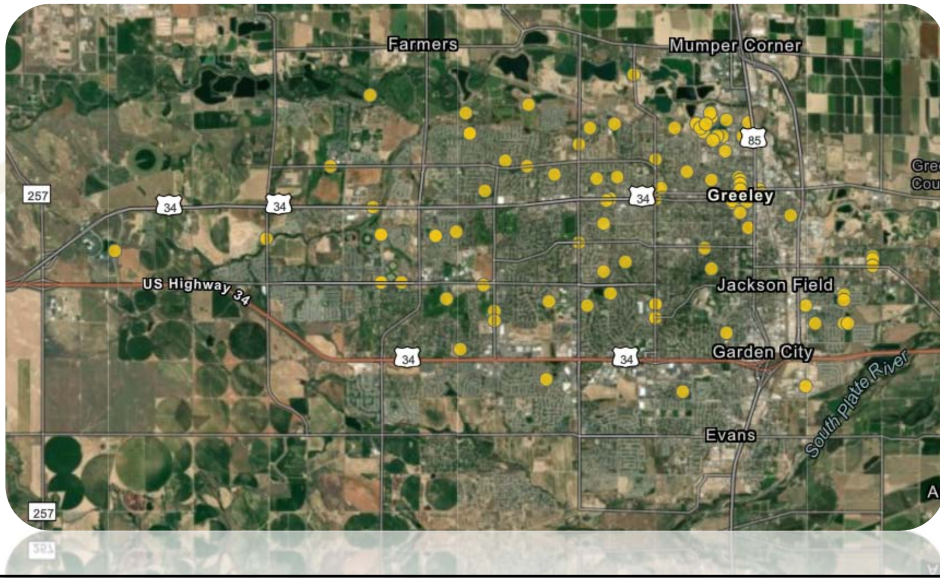
Traffic Signals

City of Greeley Colorado


Food Tax Purpose– Street Maintenance
379
Road Miles
700
Miles of Curb,
Gutter Sidewalk
6,600+
ADA Curb Cuts
City of
Greeley
Colorado


Food Tax Highlights
2014 - 2018
$0.5 Million
$29.7 Million
$6.9 Million
$1.8 Million
$5.7 Million

Food Tax Highlights



City of Greeley Colorado

Food Tax Programed

2020 - 2024

$3.5 Million

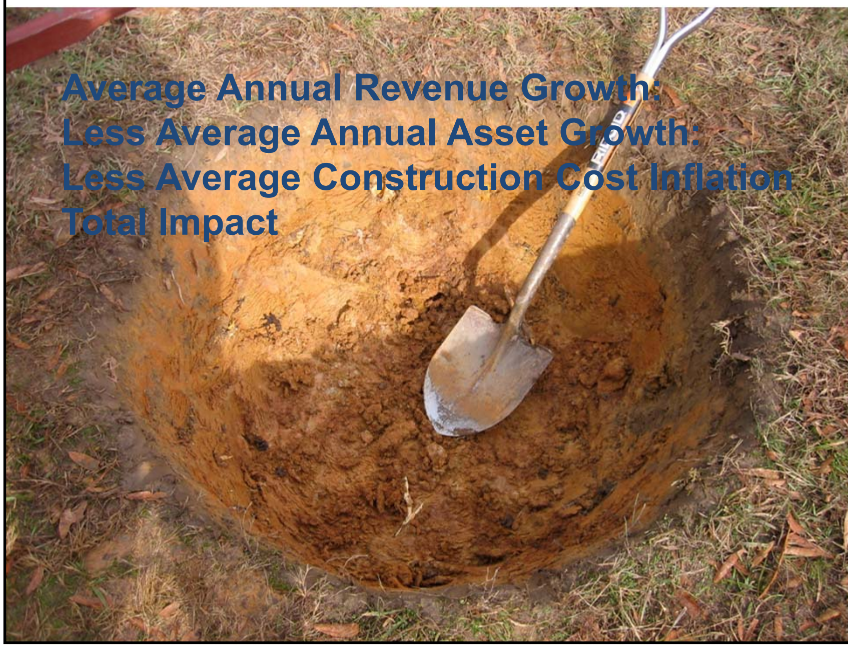
$10.5 Million

$16.8 Million

$3.4 Million

$10.2 Million

Growing Deficit for Maintaining Assets



Average Annual Revenue Growth:	+3.0%
Less Average Annual Asset Growth:	- 3.0%
Less Average Construction Cost Inflation	- 2.9%
Total Impact	-2.9%

City of Greeley Colorado

Food Tax Annual Gap

Annual Available Revenue: $4.7 Million − **Annual Needs: $10.6 Million** = **$5.9 Million Annual Shortfall**

City of Greeley Colorado

(Average Based off 2016, 2017 & 2018 less transfer to KGM; needs based on standard useful lives)

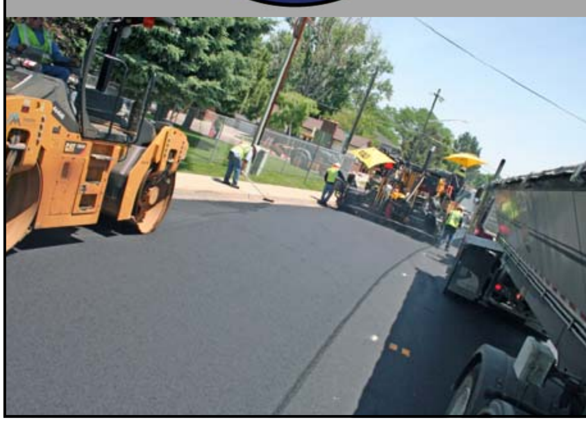
Impact If Not Renewed

- Diminished community amenities and conditions.
- Less maintenance and higher operating costs.
- No dedicated funding for:
  - Safe and efficient travel.
  - ADA (Americans with Disabilities Act) Compliance.
- Potential reduction in city services.

Impact If Renewed

Food Tax

Overview and Purpose



- 2016 – First year of voter approved tax.
- 2017 – Voter approval to keep additional revenue (TABOR)
- Currently set to expire in 2022
- .65% sales tax (food exempt)
- Improvements and repair for street related infrastructure – maintenance & widening

In three years residents authorized, **$41.1 million**

$3.2 million for concrete repairs including 38,631 linear feet of sidewalks

$3.3 million to seal coat 49.63 miles of roads

$3.4 million to patch 54,298 square yards of road

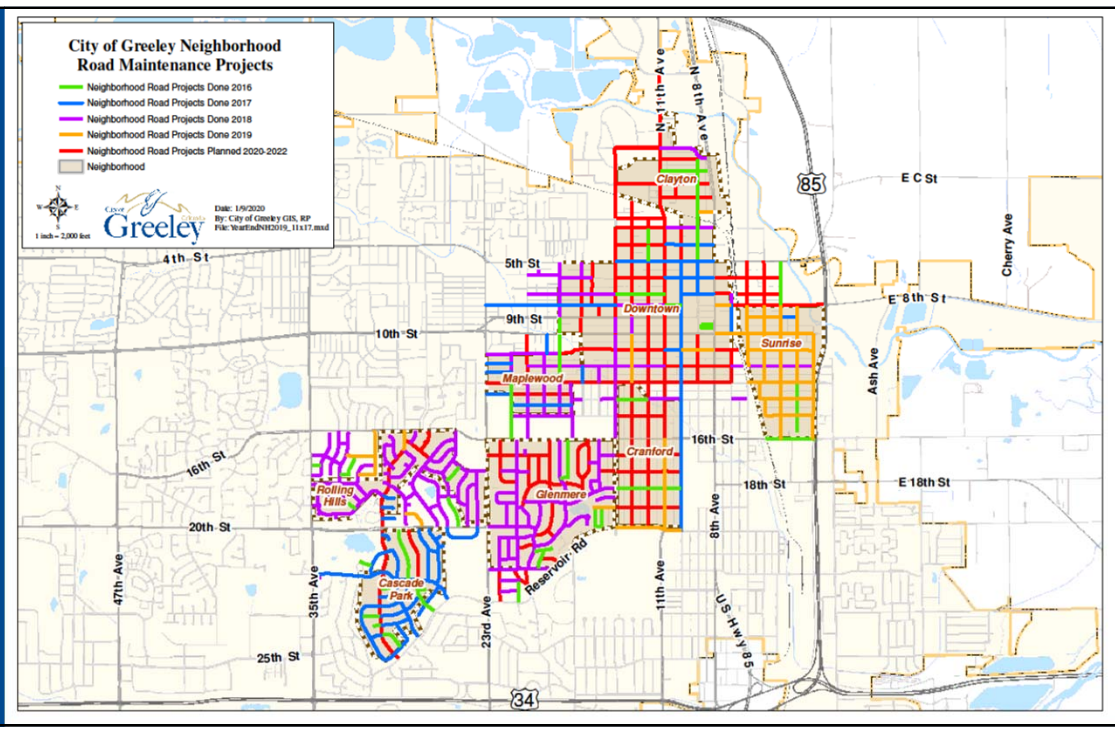
$16.9 million to overlay 29.76 miles of roads

$1.3 million *to apply* 794,296 pounds of crack seal

$13 million worth of work to expand roads including 20th Street and 71st Avenue

KEEP GREELEY MOVING

City of Greeley Colorado



KGM Purpose– Street Maintenance

379
Road Miles

700
Miles of Curb,
Gutter Sidewalk

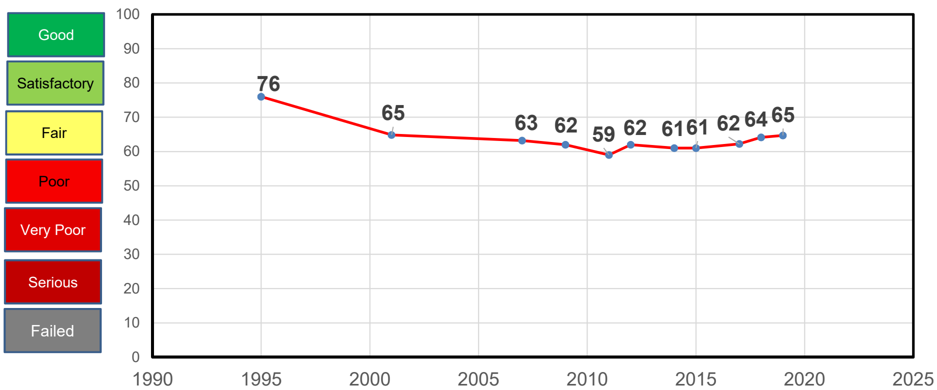
6,648
ADA Curb Cuts

City of Greeley Colorado

Road Expansion Projects

Pavement Quality Index 2016 to 2019

61 → 65

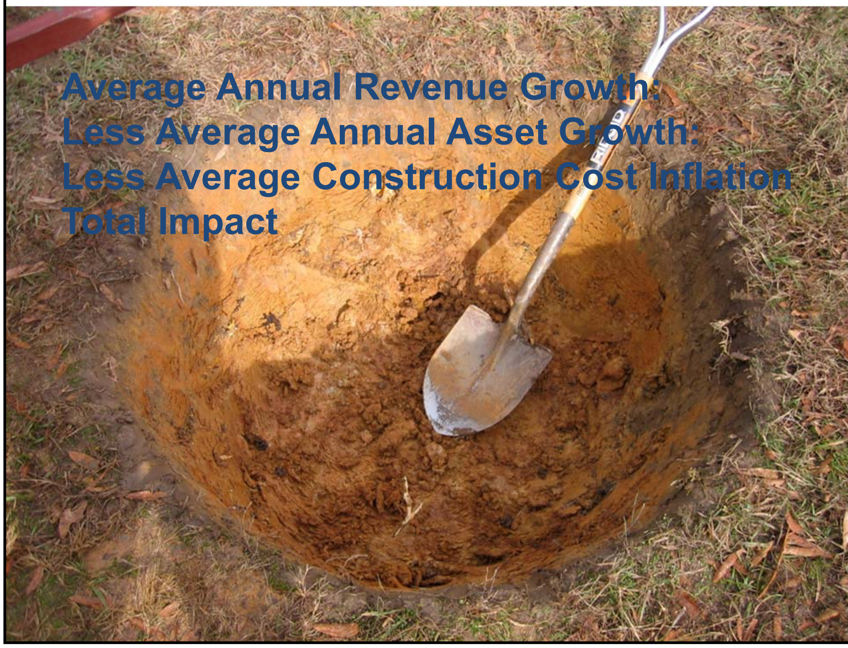


Current Deficiencies

Roads: $34 million

Concrete: $40 million

Growing Deficit for Maintaining Assets



Average Annual Revenue Growth:	+3.0%
Less Average Annual Asset Growth:	- 3.0%
Less Average Construction Cost Inflation	- 2.9%
Total Impact	-2.9%

City of Greeley Colorado

Keep Greeley Moving Annual Gap

KEEP GREELEY MOVING

$11.5 Million

-

Annual Needs $14.0 Million

=

$2.85

Million Shortfall Annually

City of Greeley Colorado

(Average Based off 2016, 2017 & 2018; Transfer to Road Development and from Food Tax)

Impact if Not Renewed

- Diminished livability and quality of life.
- Higher maintenance costs.
- No dedicated funding for
  - Safe and efficient travel
  - ADA Compliance
- Increased liability
- Potential reduction in city services.

Impact If Renewed

7 Years - $80.5 Million

City of Greeley Colorado

KEEP GREELEY MOVING

City of Greeley Colorado

Summary

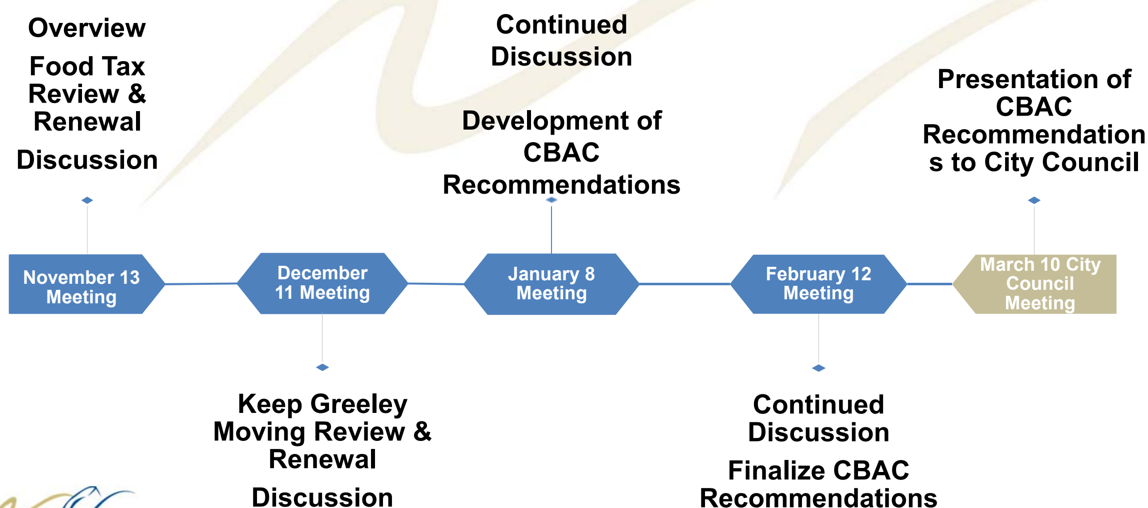
- Current combined funding does not meet the annual need.
- Current combined funding does not eliminate current deficiencies.
- Food Tax and Keep Greeley Moving renewal are both extremely important.
- Decreased buying power
- Need greatly outpacing revenue
- Infrastructure and associated funding is confusing

Staff Recommendation

- Take both Food Tax and Keep Greeley Moving to voters for renewal, November 2020
- No Tax Increases, Retain the same levels Food Tax at 3% and KGM .65%
- Retain sunset timeline, Food Tax 5 Yrs and KGM 7 Yrs
- Allows for time to initiate master planning to increase the certainty of future needs

City of Greeley Colorado

CBAC Review



City of Greeley Colorado

CBAC Considerations

Considerations	Recommendation Options
Rate	• **Remain the same: 3% for Food Tax and .65% for KGM** • Increase • Decrease
Term of the Tax	• **Keep the same: 5 years for Food Tax and 7 years for KGM** • Make them renew the same year • Extend the sunset dates to 10 years • Extend the sunset dates to 20 years (like Public Safety and Quality of Life)
Ballot Timing Compared to Sunset Date	• **Renew In 2020 Food Tax & KGM** • Standard Renewal Schedule 2020 Food Tax & 2021 KGM • Renew in Expiration Year 2021 Food Tax & 2022 KGM
Purpose	• **Keep the same: construction or maintenance of existing assets** • Expand for other purposes • Eliminate construction to limit use to maintenance
Citizen Oversight Board	• **CBAC to be Oversight Board** • No official oversight board • Create a new board

CBAC Recommendation

✓ Take both Food Tax and Keep Greeley Moving to voters for renewal, November 2020

✓ No Tax Increases, Retain the same levels Food Tax at 3% and KGM .65%

✓ Retain sunset timeline, Food Tax 5 Yrs and KGM 7 Yrs

✓ Allows for time to initiate master planning to increase the certainty of future needs

City of Greeley Colorado

Questions

Worksession Agenda Summary

March 10, 2020 (6:30 – 7:00 p.m.)

Agenda Item Number 6

Scott Magerfleisch, IT Director, 970-350-9305

Title:

Broadband Task Force Recommendation regarding City of Greeley Broadband Service Options

Background:

In November 2017, the Greeley voters approved the Senate Bill152 ballot measure for the City of Greeley (City) to review options regarding the provision of broadband services. As part of the initiative, a feasibility study was conducted via a broadband consultant, NeoConnect. This study, in conjunction with the Town of Windsor, provided next steps for Greeley to address best practices in broadband technologies.

From this roadmap, the following steps were taken as investment in the City's fiber backbone:

- Fiscal Year 2019 City Council approved appropriation of:
    - $500,000for the expansion of the fiber backbone to assure connection to all city facilities;
    - $500,000 to fund a new conduit co-location ordinance.

In addition, the City Manager convened a citizen group entitled Broadband Task Force (Task Force) consisting of residents and representative of various business and educational sectors within the community (list of current membership attached).

The efforts of the Task Force have been supported by City staff within the Information Technology Department and a third party project management consultant – Vantage Point Solutions (Vantage) – which was secured through a Request for Proposals process. Since it started its review in May 2019, the Task Force has been presented with various information and data and engaged in discussions about its recommendations. The review has generally involved the following:

- Presentations from Colorado communities engaged in the provision of Broadband Service including Longmont, Fort Collins and Fort Morgan;
- Presentations from current and potential broadband service providers including Comcast and Allo;
- Presentation of and discussions regarding statistically valid market survey findings that inform 'what the problem that needs to be solved'. Key findings

from that survey which will be covered within the presentation include the following:

Data Point	**Finding**
Percent of households that use internet at home	85%
Internet Service Satisfaction Levels – compared to benchmark	Below Average: lower pricing predominant area for improvement Speed noted as important for those most likely to switch from current provider
Forecasted Take Rates	32% - Internet 14% - Voice With Gig internet at $70
Preferred form of funding for construction of City owned system	Revenue Bonds

- Data regarding what problem would be solved through the City playing a role in the provision of broadband service (including a statistically valid survey of Greeley residents and focus groups of residents and businesses);
- Financing options and impacts if the City were to become engaged in the provision of broadband service; and
- Business models including the following:

City-Run ISP	Public-Private Partnership (P3)	Work with Current Providers	Establish a Grant Program	Maintain Status Quo
The City would finance a FTTP[1] Network throughout the City. The City would own and operate the system.[2]	The City would issue an RFP[3] to develop a P3 with a private provider. Ownership and financial contributions are TBD.	The City would work with current providers to better improve access and services. This could include new programs.	The City would set-aside funding to establish one or more grant programs to help close the digital divide.	The City would not take any new action.

Key factors used by the Task Force in evaluating these options included:

- Enhance service delivery, reliability and customer service;
- Position Greeley for the future smart city technology needs and be able to market Greeley as a "gig" city;

[1] FTTP – Fiber to the Premises
[2] ISP - Internet Service Provider
[3] RFP – Request for Proposals

- o Create competition, lower pricing and close the digital divide;
- o Fit in with the Core City Services; and
- o Be as low a financial risk for the City as possible.

Based on the information presented, the Task Force ranked its recommended business models for City consideration in priority order below which forms its recommendation. Task Force Chair Bret Naber will present the recommendation to the City Council as a part of the Work Session.

Model	**Priority Ranking**
Public Private Partnership	1st
Work with current providers to improve service/price/accessibility	2nd
Grant Program	3rd
City-run ISP	4th
Maintain Status Quo	5th

Decision Options:

The following questions are presented for City Council discussion and direction:

1. Does City Council have any questions regarding the review undertaken by the Broadband Task Force?
2. Does City Council want staff or the Broadband Task Force to conduct further review or consideration of anything additional?
3. Based on the recommendation, does the City Council support directing staff to move forward with the development and release of a Request for Proposals to seek proposals for a Public-Private Partnership?
4. Does the City Council support shifting the Broadband Task Force to a role of advisory committee to aid in providing community insight and feedback on future recommendations around this model?

Attachments:

Broadband Task Force Membership List
Review of Models – SWOT Analysis
PowerPoint

Additional Reference Documents:

City of Greeley Broadband Initiative Web Page (Click Here)

Broadband Task Force Membership

Task Force Meeting
Thursday 4:00pm – 5:30pm

Members:

Bret Naber – CIO for the University of Northern Colorado – Committee Chair

Rod Esch – University of Northern Colorado Foundation President – Deputy Committee Chair

Amy Dugan – Visit Greeley Director at Greeley Chamber of Commerce

Bianca Fisher – Executive Director of the Downtown Development Authority

Dr. Jason Ogren – Surgeon at UCHealth

Lavonna Longwell – Retired Citizen of Greeley

Michelle Kempema – Executive Director at Greeley Freight Station Museum

Trent Howell – Professor at Aims Community College

Consulting:

Lori Sherwood, Esq. – Project Manager Greeley Broadband - Director of Broadband Development (VantagePoint)

Fred Diehl – VantagePoint Consulting

City Staff:

Paul Fetherston, Assistant City Manager

Scott Magerfleisch, Director of IT

Kelli Johnson, Communication and Engagement Director

Renee Wheeler, Director of Finance

Brian Sullivan, Application Services Manager in IT

Review of Models – SWOT Analysis

SWOT Analysis	City Run ISP Model
Basic Model	This would be a City financed and City run FTTP Network. The City would own and operate the system.
Strengths	• The City would be in full control of the use of the system and assets. • The City could leverage the infrastructure to lease assets and generate additional revenue from a variety of entities and for a variety of purposes (5G, fiber providers, companies, etc) • The infrastructure would enable the City to meet all city and community telecommunications needs for the next 30-40 years and enable the City to deploy additional assets and technology as needed (such as smart city applications).
Weaknesses	• The City would bear the full financial risk of the estimated $120 million dollar network. • The estimated cost of the network would almost max out the City's bonding capacity. • The City would need to hire personnel and establish expertise to handle everything from customer service to engineering, billing, installations, etc. • The business plan does not show profitability in the next ten years with charging a rate of $70 per gigabit with a take rate of 32%; although adding phone and video and adjusting other variables could improve profitability. At $100 per gigabit (32% take rate), the business plan shows break-even at ten years. • While the estimated take rate is 32%, many variables could impact that. If take rate is higher, capital costs would increase. If take rate is lower, revenue generation would decrease.
Opportunities	• The Network could provide additional opportunities for revenue in addition to leasing network assets such as building a carrier hotel. • Establishing a network could compete with neighboring cities that have municipal networks by attracting more businesses, retaining businesses, increasing property values and increasing economic development although that this hard to quantitatively define. • The City could leverage the network to launch pilot projects for adoption, utilization, education, etc.
Threats	The biggest threat is financial stability and sustainability and risk to the City. However, existing competitors could also undercut pricing and offer long term packages effectively preventing subscribers from signing on to new service.
Additional Notes	

<table>
<tr><th>SWOT Analysis</th><th>PPP with Allo Model</th></tr>
<tr><td>Basic Model</td><td>The City could work with Allo to build a FTTP network. Allo would operate the system. At this time, it is unknown what Allo will ask for in terms of a financial contribution. It is unlikely that a financial contribution would exceed $5 million. However, these are the potential options with the first two being the most likely:
City provides resources and in-kind assistance; Allo finances and invests in 100% of network.
City builds out backbone/middle-mile and owns that for approx. $5million. Allo invests in the rest.
City builds out backbone/middle-mile plus all roads for approximately $50-$75 million; Allo invests in drops to premise.
Allo builds out network and City buys back over 20-year period for approximately $120 million. (least likely and unclear whether Allo would agree to this scenario).</td></tr>
<tr><td>Strengths</td><td>The City would bring in a new provider at a much lower financial risk than a City-run network.
Allo has the experience owning and operating networks and could deploy the network more cost effectively and quicker.
Allo is keeping up to date on new innovations and will update technology as needed.
Allo wants to work with the City and is flexible on the exact terms and model.
This could bring down pricing and increase competition.</td></tr>
<tr><td>Weaknesses</td><td>Allo is aggressively pursuing the Colorado market and could be spreading themselves too thin.
This could be a long-term marriage with one company. If something happens with Allo, may be difficult to get out of PPP. Of course, this depends on the terms of the agreement.
The terms of the deal are unknown right now.</td></tr>
<tr><td>Opportunities</td><td>The City-owned portion of the network could provide additional opportunities for revenue in addition to leasing network assets such as building a carrier hotel.
Establishing a network could compete with neighboring cities that have municipal networks by attracting more businesses, retaining businesses, increasing property values and increasing economic development although that this hard to quantitatively define.
The City could leverage the network to launch pilot projects for adoption, utilization, education, etc.</td></tr>
<tr><td>Threats</td><td>The biggest threat is long term sustainability of Allo.</td></tr>
<tr><td>Additional Notes</td><td></td></tr>
</table>

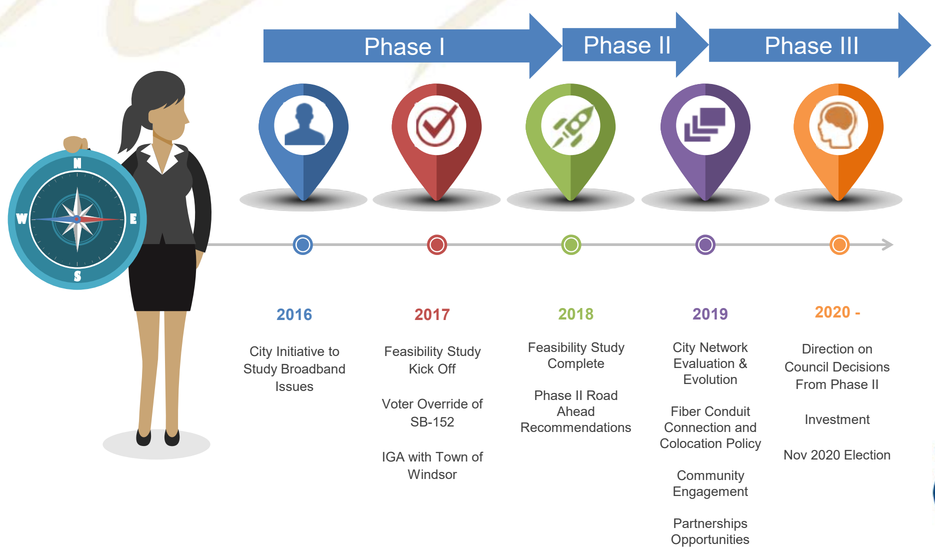
SWOT Analysis	Work with Current Providers Model
Basic Model	The City would work with current providers (Century Link and Comcast) to better improve access and services.
Strengths	• There is very low financial risk in terms of expenditures. • The current providers collectively claim to cover 100% of the City so this option does not overbuild existing networks. • An effective co-marketing campaign that Greeley is a "Gig-City" could start immediately.
Weaknesses	• Existing providers do not have a good track record of working with communities to improve access and services. • The existing providers are not well-liked and so the community may not consider this to be a solution. • It is unknown what providers would be willing to do to change current behaviors.
Opportunities	• If the providers do follow through, there could be more opportunities to continue working together.
Threats	The biggest threats are: • Citizens could feel that this is not a sufficient solution given the low favorability ratings of current providers. • If the providers do not follow through.
Additional Notes	

SWOT Analysis	Establish a Grant Program Model
Basic Model	The City could set-aside money to establish one or more grant programs to help close the digital divide. The purpose of a grant program would be to help close the broadband gaps in the city by focusing resources on businesses that can't afford a high-speed connection due to the cost of building the connection to their facility
Strengths	• The City could start by establishing a low-cost pilot program to assist with providing subsidies to businesses who could not afford to purchase a connection to providers. • This type of program could directly address the gaps in the most cost-effective manner.
Weaknesses	• The City may need to conduct additional market research in the business community to determine if a grant program would meet needs of businesses who cannot currently obtain a high-speed connection. • Current providers would need to agree to participate (provide timely quotes for service) in order to get businesses connected.
Opportunities	• If the pilot program works, it could be expanded. • A grant program could also include funding for establishing educational and or other adoption programs to help with utilization and adoption. • This could also be done in conjunction with any of the other model options under consideration.
Threats	The biggest threat is whether by itself this would be sufficient to address the needs in the City. Also, it is unclear whether a grant program would be utilized by businesses.
Additional Notes	

SWOT Analysis	Maintain Status Quo Model
Basic Model	The City would not implement any new programs.
Strengths	• There is no financial risk in terms of expenditures.
Weaknesses	• Providers would not likely be motivated to improve current service pricing or availability on their own
Opportunities	• Greeley would potentially have funds to pursue other needed projects.
Threats	The biggest threat is that citizens could feel that this is not a sufficient solution given the low favorability ratings of current providers and Greeley is unable to communicate its ability to compete with other neighboring Gigabit Cities.
Additional Notes	

City of Greeley Broadband Presentation

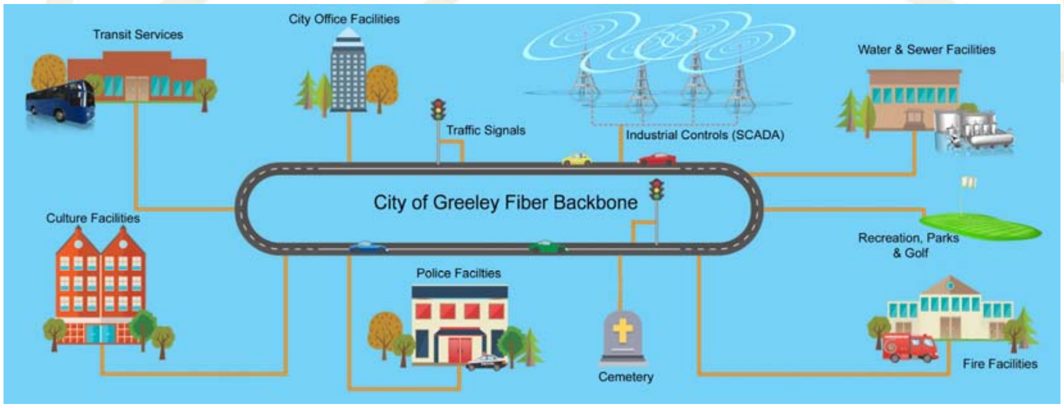
City of Greeley Broadband Initiative Timeline



2018 Feasibility Study: Road Ahead Recommendations

1. Broadband Friendly Policies and Ordinances
2. Connect Remaining City Assets to Fiber
3. Discussions with Community Anchor Institutions
4. Create Forum for Public Engagement

City of Greeley Fiber Optic Backbone



1. City backbone includes 45 miles of fiber
2. 95% of the City buildings are connected to City fiber. Will be at 100% by end of 2021. *
3. Traffic system is 90% connected
4. Planned expansion to SCADA, Firestation 6, Traffic signals on the west side by 2021

* Does not include Boyd and Bellevue water treatment plants

Broadband Task Force

Task Force Mission

Greeley's City Council, business leaders, local institutions and city management recognize the increasing importance of how high-speed connectivity affects our community. The purpose of this committee is to better understand the community's current and future expectations regarding residential, business and governments' access to the internet. We will use that information to define a strategy for how these expectations and needs can best be met.

Broadband Task Force Timeline

May – July
- Kick off Task Force
- Review existing data
- Review P3 Report
- Review models under consideration
- P3 Report
- Building Survey
- Focus Groups

Aug – Sept.
- Presentations by Fort Morgan and Fort Collins
- Discussion on City ISP Model
- Survey launched

October
- Presentation by Uptown on survey results
- Survey Report and discussion - What are the needs and takeaways

November
- Presentation by Allo
- Discussion on P3 Model option

December
- Presentation by Comcast *(Century Link invited but did not attend)*
- Working with current provider model options

January 2020

Presentations by:

1. Vantage Point on City-Run ISP Business Model
2. Hilltop Securities on financing and bonding options

Research Phase

City of Greeley Colorado

Broadband Task Force Timeline

Jan - Feb 2020
- Review of Models and Financial Impacts
- Discussion and Decision Matrix scoring
- Options for Council

March 2020
- Recommendations made on options
- Presentation to Council

March
- Review feedback from Council
- Ballot language development if necessary
- Marketing starts

April - Nov
- Task Force continues
- Implementation of Council recommendations

Decision Phase

Implementation Phase

City of Greeley Colorado

Models Evaluated by the Task Force

Market Survey Key Findings

- Overall, 85% of households use Internet at home, (78% for households earning under $50k)
- Internet service satisfaction levels benchmark below average.
  - Lower pricing = predominant need for improvement with current Internet service
  - Speed is important for those most likely to switch
- Forecasted residential take rates of 32% (Internet) and 14% (voice) with Gig Internet at $70
- The City is the preferred provider, but by a narrower margin than other studies
- A majority of households support the issuance of a revenue bond to fund construction

Overview of Models

City-Run ISP	Public-Private Partnership (P3)	Work with Current Providers	Establish a Grant Program	Maintain Status Quo
The City would finance a FTTP Network throughout the City. The City would own and operate the system.	The City would issue an RFP to develop a P3 with a private provider. Terms and Conditions TBD.	The City would work with Century Link and Comcast to better improve access and services. This could include new programs.	The City would set-aside money to establish one or more grant programs to help close the digital divide.	The City would not take any new action.

City of Greeley Colorado

Municipal Network Options

Technology is typically fiber and may have some wireless components as well

There are two main types of municipal networks that serve end-users:

- Middle-Mile (City Backbone)
  - connections to facilities and/or anchor institutions
- Last-Mile (retail model)
  - Connections to facilities and/or anchor institutions
  - And connections to homes and residents

City of Greeley Colorado

City-Run ISP

Operational Overview

- Data Network Requirements
- Connectivity to the Outside World
- Administrative Requirements (back office)
- Staffing Requirements (technicians, customer service, engineering, marketing, etc.)
- Regulatory and Reporting Requirements

10 Year Financial Feasibility Study

- Utilized the estimates from NEOConnect Study
- 32% Penetration Rate - Uptown Services Market Study
- Total Capital Expenditure = $120 Million (5-year build)

Assumptions and Findings

- Only one offering - 1 Gigabit at $70.00
- Operating Expenses not including depreciation = $6 Million
- Cumulative earnings of $-33,468,691 over ten years
- Return on Investment = - 27.83%
- Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) averages $3,034,424 per year over ten years
- 20 Year Debt Amortization
- 2.5% interest rate in year 1 with increase of .25% each following year

City-Run ISP

Financial Overview

City-Run ISP –

Why Not Viable in Greeley

Primary reason - Greeley does not have a municipal electric system

- Impacts cost to deploy network
- Operating systems are not in place to absorb broadband system administrative operations
- Financing options are limited

Comparison to:

Fort Collins,
Fort Morgan, Loveland and Longmont

- Cities have operated their own electric utilities for decades and all of their utilities are an established Enterprise as defined by TABOR.
- Issued enterprise utility revenue bonds to fund broadband networks which are secured by revenues from both the electric and broadband systems
- Due to electric systems - bonds on all four municipalities received investment grade ratings which helped reduce the risk profile of the bonds for a better rate.

Financing Options for Greeley

Projected revenues from the broadband system would not be sufficient to solely support an issuance of revenue bonds to fully fund the entire project.

	Steps Required?	Challenges of Financing	Option Potential Risks
Utility Revenue Bonds	Potentially needed to expand definition of utility	Potential charter issues and legal challenges by existing bondholders; may be challenging to meet the additional bonds test	This may place a burden on rate payers to support the broadband network and to fund water and wastewater improvements in the future
General Obligation Bonds	Voter Approval for Tax Increase and Debt Authorization	Property tax owners that do not subscribe will be paying debt service for a network they are not using	This may limit the City's ability to utilize GO Bonds in the future for projects that are more suitable for the financing
Sales Tax Revenue Bonds	Voter Approval for Tax Increase and Debt Authorization	In addition to approving a sales tax increase, voters would also need to authorize the issuance of debt (two questions)	If sales tax revenues decline this could place a burden on the City's general operations if revenues are not sufficient to pay debt service from the broadband system
Certificates of Participation	Need to identify leased property equivalent to the amount financed	Need to determine if General Fund can support all or a portion of projected debt service payments	If the broadband system is not successful it will strain the City's General Fund and operations
Pay-As-You Go/ Cash	None The City can only build out the system as funds become available	If significant funds are not available upfront to put in the base-level infrastructure, the City may not have a usable asset	

P3 Basic Options

The City could work with a provider to build a FTTP network. Potential model options:

- City provides resources and in-kind assistance; provider finances and invests in 100% of network.
- City builds out backbone. Provider invests in the rest.
- City builds out backbone/middle-mile plus all roads. Provider invests in drops to premise.
- Provider builds out entire network. Possible City buy-back over 20+ year period.

Details, Terms and Conditions would depend on proposals submitted through RFP Process and contract negotiation.

City of Greeley Colorado

Benefits of a P3

The City already has an interested provider in Allo. This is a rare opportunity.

- Lower financial risk than a City-run network
- A provider has experience owning and operating networks
- Provider could deploy a network more cost effectively and quicker
- A provider should keep up to date on new innovations and update technology as needed.
- A new provider could bring down pricing and increase competition.

City of Greeley Colorado

Task Force Presentation

City of Greeley Colorado

Task Force Recommendation

Model	Priority Ranking
Public Private Partnership (P3)	1st
Work with current providers to improve service/price/accessibility	2nd
Grant Program	3rd
City-run ISP	4th
Maintain Status Quo	5th

City of Greeley Colorado

Questions for Council

1. Does City Council have any questions regarding the review undertaken by the Broadband Task Force?
2. Does City Council want staff or the Broadband Task Force to conduct further review or consideration of anything additional?
3. Based on the recommendation, does the City Council support directing staff to move forward with the development and release of a Request for Proposals to seek proposals for a Public-Private Partnership?
4. Does the City Council support shifting the Broadband Task Force to a role of advisory committee to aid in providing community insight and feedback on future recommendations around this model?

City of Greeley Colorado

Worksession Agenda Summary

March 10, 2020

Agenda Item Number 7

Roy Otto, City Manager, 970-350-9750

Title:

Scheduling of Meetings, Other Events

Background:

During this portion of the meeting the City Manager or City Council may review the attached Council Calendar or Meeting Schedule regarding any upcoming meetings or events.

Attachments:

Council Meetings/Other Events Calendar
Council Meeting/Worksession Schedule
Status Report of Council Petitions and Related Information

March 9, 2020 - March 15, 2020

March 2020

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April 2020

Su	Mo	Tu	We	Th	Fr	Sa
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26	27	28	29	30		

Monday, March 9

Tuesday, March 10

5:00pm - 6:00pm City Council Worksession (1001 11th Avenue)

Wednesday, March 11

Thursday, March 12

Friday, March 13

Saturday, March 14

Sunday, March 15

March 16, 2020 - March 22, 2020

March 2020						
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April 2020						
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Monday, March 16

Tuesday, March 17

6:30pm - 7:30pm City Council Meeting (1001 11th Avenue)

Wednesday, March 18

7:30am - 8:30am Visit Greeley (Fitzsimmons)

2:00pm - 5:00pm Water & Sewer Board (Gates)

Thursday, March 19

7:30am - 8:30am DDA (Zasada/Butler)

3:30pm - 4:30pm Airport Authority (Clark/Payton)

Friday, March 20

Saturday, March 21

Sunday, March 22

March 23, 2020 - March 29, 2020

March 2020						
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April 2020						
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Monday, March 23

- **11:30am - 12:30pm Greeley Chamber of Commerce (Hall)**
- **6:00pm - 7:00pm Youth Commission (Butler)**

Tuesday, March 24

- **8:00am - 8:30am GFD Promotional Pinning Ceremony** (Nusbaum Room, Fire Station No. 1, 1155 10th Avenue) - Council Master Calendar
- **5:00pm - 6:00pm City Council Worksession** (1001 11th Avenue)

Wednesday, March 25

- **7:00am - 8:00am Upstate Colorado Economic Development (Gates/Hall)** (Upstate Colorado Conference Room) - Council Master Calendar

Thursday, March 26

Friday, March 27

Saturday, March 28

- **2:00pm - 6:00pm RSVP Required: Poudre Pour** (Boardwalk Park, 100 N. 5th Street, Windsor) - Council Master Calendar

Sunday, March 29

March 30, 2020 - April 5, 2020

March 2020						
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29	30	31				

April 2020						
Su	Mo	Tu	We	Th	Fr	Sa
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Monday, March 30

Tuesday, March 31

Wednesday, April 1

Thursday, April 2

- **7:00am - Poudre River Trail (Hall)**
- **3:30pm - IG Adv. Board (Butler)**
- **6:00pm - MPO (Gates/Payton)**

Friday, April 3

Saturday, April 4

Sunday, April 5

April 6, 2020 - April 12, 2020

April 2020

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26	27	28	29	30		

May 2020

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24	25	26	27	28	29	30
31						

Monday, April 6

11:30am - 1:30pm Save-the-Date Anniversary Councilmember Convention (City Council Chambers, City Center South, 1001 11th Avenue) - Council Master Calendar

Tuesday, April 7

6:30pm - 7:30pm City Council Meeting (1001 11th Avenue)

Wednesday, April 8

Thursday, April 9

Friday, April 10

Saturday, April 11

Sunday, April 12

City Council Meeting Scheduling

Current as of 3/6/2020

This schedule is subject to change

Date	Description	Sponsor	Placement/Time
March 17, 2020 Council Meeting	Proclamation - City's 150th Anniversary	Becky Safarik	Recogntions
	Ordinance - Intro - First Additional Appropriation	Renee Wheeler	Consent
	Ordinance - Intro - Sign Code Update	Brad Mueller	Consent
	Ordinance - Intro - Merit Pay Increase for City Manager	Sharon McCabe	Consent
	Ordinance - Intro - Merit Pay Increase for City Attorney	Sharon McCabe	Consent
	Ordinance - Intro - Merit Pay Increase for Municipal Court Judge	Sharon McCabe	Consent
	Ordinance - Final - Island Grove Rezone	Brad Mueller	Regular
	Year-End Report (Non-Action)	Renee Wheeler	Regular
March 24, 2020 Worksession Meeting	University of Northern Colorado Update	Roy Otto	0.25
	Development Impact Fee Study Kick-off	Renee Wheeler	1.00
	Potential Executive Session - Agreement for the Acquisition of Water Storage	Sean Chambers	
April 7, 2020 Council Meeting	Proclamation - National Volunteer Week	Cheryl Aragon	Recogntions
	Proclamation - Holocaust Memorial Observances	Cheryl Aragon	Recogntions
	CAPER for Annual report to HUD	Ben Snow	Consent
	Council's Endorsement of the Vision & Strategic Work Plan	Paul Fetherston	Regular
	Ordinance - Final - Sign Code Update	Brad Mueller	Regular
	Ordinance - Final - First Additional Appropriation	Renee Wheeler	Regular
	Ordinance - Final - Merit Pay Increase for City Manager	Sharon McCabe	Regular
	Ordinance - Final - Merit Pay Increase for City Attorney	Sharon McCabe	Regular
	Ordinance - Final - Merit Pay Increase for Municipal Court Judge	Sharon McCabe	Regular
April 14, 2020 Worksession Meeting	Municipal Code Recodification - Review of Changes	Cheryl Aragon	1.00
	Historic Preservation Overview	Brad Mueller	0.50
	Discussion of Council's Policies & Protocal	Cheryl Aragon	0.50
	Sharkstooth Basin Stormwater Masterplan Discussion	Joel Hemesath	0.50
	Potential Executive Session - Water Storage Acquisition	Sean Chambers	
April 21, 2020 Council Meeting	Youth Service Day Awards	Cheryl Aragon	Recogntions
	Resolution - Adoption of the Sharkstooth Basin Stormwater Masterplan	Joel Hemesath	Consent
April 28, 2020 Worksession Meeting	Overview of the CIS Project	Renee Wheeler	0.50
	Quarterly Financial Report	Renee Wheeler	0.50
May 5, 2020 Council Meeting	Ordinance - Intro - Municipal Code Recodification	Cheryl Aragon	Consent
May 12, 2020 Worksession Meeting	Review Proposed Changes to Election Section of the Code	Cheryl Aragon	0.50

<u>Greeley City Council</u>

Status Report of Council Initiatives

Council Request	Council Meeting, Worksession, or Committee Meeting Date Requested	**Status or Disposition** (After completion, item is shown one time as completed and then removed.)	Assigned to:
None			

Worksession Agenda Summary

March 10, 2020

Agenda Item Number 8

Title:

Adjournment