

## REGULAR MEETING AGENDA

### CALL TO ORDER

### APPROVAL OF MINUTES – 01/09/2018

### CITIZENS REPORT (\*See procedural instructions on the following page.)

### INFORMATIONAL ITEM

1. Wireless Pole Attachment and Permit fees – Brieana Reed-Harmel

### STAFF REPORTS

2. Broadband Update – Brieana Reed-Harmel
3. Bond Update – Alan Krcmarik
4. Broadband Outreach Update – Lindsey Johansen

### REGULAR AGENDA

5. Broadband Budget – Special Appropriations – Jim Lees

### COMMISSION & COUNCIL REPORTS

### DIRECTOR'S REPORT

### ADJOURN

#### **\* Citizens Report Procedures**

Anyone in the audience may address the LCAB on any topic relevant to the commission. Members of the public will be given an opportunity to speak to the item during the Regular Agenda portion of the meeting before the LCAB acts upon it. If the topic is a Staff Report item, members of the public should address the LCAB during this portion of the meeting; no public comment is accepted during the Staff Report portion of the meeting.

Anyone making comment during any portion of tonight's meeting should identify himself or herself and be recognized by the LCAB chairman. Please do not interrupt other speakers. Side conversations should be moved outside the Service Center Board Room. Please limit comments to no more than three minutes.

#### **Notice of Non-Discrimination**

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**Commission Members Present:** Adam Auriemmo, Richard Bilancia, David Hetrick, Paul Langfield, Brian Martisius, Tom McInerney, Corey Streich, J.D. Walker and Vi Wickam

**Commission Members Absent:** none

**Council Liaisons Present:** John Fogle and Don Overcash

**Council Liaisons Absent:** Dave Clark (Alternate)

**City Staff Members Present,** Alan Krcmarik, Briana Reed-Harmel, Coreen Callahan, Derek Turner, Joe Bernoksy, Kim O'Field, Lindsey Johansen, Ryan Greene, and Steve Adams

**Guest Attendance:** none

**CALL TO ORDER:** Richard Bilancia called the meeting to order at 4:04pm

**APPROVAL OF MINUTES:** Bilancia asked for a motion to approve the minutes of the October 10, 2018 meeting.

**Motion:** Adam Auriemmo made the motion

**Second:** Tom McInerney seconded the motion. The minutes were approved unanimously.

## STAFF REPORTS

**Item 1: Broadband Update – Briana Reed Harmel**

Provided an update on the events that have happened since the last LCAB meeting on October 10, 2018

Staff report only. No action required.

**Item 2: Bond Information – Alan Krcmarik**

Provided an update on the bonding process for the City of Loveland Broadband Project.

Staff report only. No action required.

**Item 3: Broadband Outreach Update – Lindsey Johansen**

Provided an update on the outreach done since the last LCAB meeting on October 10, 2018.

Staff report only. No action required.

## REGULAR AGENDA

**Item 4: Fiber Management Intergovernmental Agreement with Platte River and Acceptance of Transfer of Fiber Assets - Briana Reed Harmel**

The Platte River Power Authority (Platte River) Board adopted resolutions on September 27, 2018 authorizing the transfer of title to Loveland of the local fiber optic loop constructed in Loveland for the purposes of electric operations. A condition precedent to the transfer of the assets is the execution of an intergovernmental agreement (IGA) between Platte River and the City addressing fiber management. This IGA will also be presented to the Loveland Utilities Commission (LUC) for a recommendation at the January 16, 2019 meeting and then be presented to City Council for consideration at the February 19, 2019 meeting.

**Recommendation:** Adopt a motion recommending that City Council approve a resolution authorizing the City Manager to execute an Intergovernmental Agreement for Fiber Management between Loveland and Platte River Power Authority and approving the City Manager's acceptance of Platte River Power Authority's transfer to the City of Loveland the one hundred and thirty-two strands of excess fiber and associated assets located within the Loveland local fiber optic loop.

**Motion:** Tom McInerney made the motion.

**Second:** J.D. Walker seconded the motion. The motion was approved unanimously.

### COMMISSION/COUNCIL REPORTS

**Item 5: Commission/Council Reports**

Commissioner Fogle asked members of LCAB to attend the next City Council meeting.

### DIRECTOR'S REPORT

**Item 6: Director's Report – Joe Bernosky**

Announcement of our new Broadband Fiber Manager, Brieana Reed-Harmel.

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**ADJOURN** The meeting adjourned at 5:22 pm. The next LCAB Meeting will be February 13, 2019 at 4:00 pm.

Respectfully submitted,

Coreen Callahan  
Recording Secretary  
Loveland Communications Advisory Board



**AGENDA ITEM:** 1  
**MEETING DATE:** 2/13/2019  
**SUBMITTED BY:** Brieana Reed-Harmel  
**STAFF TITLE:** Municipal Fiber Manager

**ITEM TITLE:**

Wireless Pole Attachment and Permit Fees

**DESCRIPTION:**

Information on a resolution set to go to City Council on February 19, 2019 for the revision of pole attachment fees within the Schedule of Rates, Charges, and Fees

**SUMMARY:**

Loveland Water and Power will have a resolution for consideration on the February 19, 2019 council agenda for the revision of the schedule of pole attachment rates, charges, and fees within the Schedule of Rates, Charges and Fees for services provided by the Water and Power Department of the City of Loveland.

The City of Loveland Water and Power Department has many utility poles and street lights throughout the City that have been used to jointly locate communications infrastructure. The Power Division has an application and permitting process in place that allows for other utilities to request co-location on city-owned utility poles. The applicants are responsible for submitting a permit request identifying the poles for co-location, submitting information on the attachment type, and engineering calculations for the impact to utility infrastructure. The applicants are also responsible for all expenses related to engineering and upgrades to the utility infrastructure, called “make-ready” work. As outlined in the Schedule of Rates, Charges, and Fees, the Water and Power Department currently charges a yearly attachment fee. This fee is intended for wired pole attachments and is calculated based on formulas specified by the Federal Communications Commission (FCC).

On April 18, 2017 the State of Colorado signed into law House Bill 17-1193, changing the requirements for attachment of small cell facilities on utility poles and streetlights. Previously, the FCC requirements allowed utilities to deny wireless attachments and attachments of communication facilities to streetlight poles, as long as the utility treated all communications facilities, including utility owned equipment, equally. Following the signing of HB 17-1193, the city has been working to modify the application process, pole attachment agreement and pole attachment fees to accommodate for small cell wireless attachments. This revision clearly outlines the applicable fees for wired and wireless pole attachments on city-owned utility poles within our Schedule of Rates, Charges and Fees. The FCC has issued guidance on reasonable fees for application review and recurring wireless attachment which the Water and Power Department is adopting. The fee for wireless pole attachments will be reviewed yearly, and updated as needed through the annual City Council process of setting the rates, charges, and fees for the Water and Power Department.

**RECOMMENDATION:**

Information item only. No action required.



**AGENDA ITEM:** 2  
**MEETING DATE:** 2/13/2019  
**SUBMITTED BY:** Brieana Reed-Harmel  
**STAFF TITLE:** Municipal Fiber Manager

**ITEM TITLE:**

Broadband Update

**DESCRIPTION:**

This item is intended to give a brief update on the Loveland Broadband Project.

**SUMMARY:**

Brieana Reed-Harmel will provide updates on broadband including:

1. Status of design and construction.
2. Update of the key initiatives to establish the broadband utility
  - a. Establishing processes and systems for operations
  - b. Setting up facilities for operation
  - c. Hiring broadband staff
  - d. Procurement and contracts
  - e. Partnerships with neighboring communities.

**RECOMMENDATION:**

Information item only. No action required.



**AGENDA ITEM:** 3  
**MEETING DATE:** 2/13/2019  
**SUBMITTED BY:** Alan Krcmarik  
**STAFF TITLE:** Executive Fiscal Advisor

**ITEM TITLE:**

Bond Update

**DESCRIPTION:**

This item will provide a brief update on the bonding process for the City of Loveland Broadband Project.

**SUMMARY:**

Alan Krcmarik will give a brief update on the bond activity, including:

1. An overview of the two readings of the Ordinance at past City Council meetings
2. Where we are in the current stage of the bonding process
3. What remains to be completed and what the timeline looks like

**RECOMMENDATION:**

Information item only. No action required.



**AGENDA ITEM:** 4  
**MEETING DATE:** 2/13/2019  
**SUBMITTED BY:** Lindsey Johansen  
**STAFF TITLE:** Customer Relations Specialist

**ITEM TITLE:**

Broadband Outreach Update

**DESCRIPTION:**

This item will provide an update on the broadband outreach activities.

**SUMMARY:**

Lindsey Johansen will provide updates on broadband outreach including:

1. Review of activities since approval
2. Communications planning
3. Brand development

**Media Summary:**

- 12/31/2018 Reporter Herald - [For Loveland area, 2018 was a year of welcome progress – and deep loss](#)
- 1/2/2019 Reporter Herald - [Loveland broadband: Brieana Reed-Harmel selected as manager](#)
- 1/18/2019 Reporter Herald - [Thompson School District's internet problems may see improvement with city of Loveland-owned broadband](#)
- 1/19/2019 Colorado Sun - [Centennial just became Colorado's largest city to launch an alternative broadband service. What about the other 100+ that voted to control their internet destiny?](#)
- 1/16/2019 BizWest - [Loveland approves broadband bonding](#)
- 1/16/2019 Noco Style - [Loveland City Council Approves Broadband Bonding Package](#)
- 1/15/2019 North Forty News - [Fiber optic internet coming to Loveland](#)
- 1/15/2019 Reporter Herald - [Loveland will officially bond about \\$97 million for broadband](#)
- 2/2/2019 Coloradoan - [Loveland's major development projects bring more than 2,200 new jobs](#)

**RECOMMENDATION:**

Information item only. No action required.





**AGENDA ITEM:** 5  
**MEETING DATE:** 2/13/2019  
**SUBMITTED BY:** Jim Lees  
**STAFF TITLE:** Utility Accounting Manager

**ITEM TITLE:**

Supplemental Budget Appropriation for Municipal Fiber

**DESCRIPTION:**

This item is intended to establish a 2019 budget for Municipal Fiber for revenue, operation and maintenance expenses and capital expenditures that will financially make possible the launching of this new utility..

**SUMMARY:**

When the City Council voted to establish a Municipal Fiber Utility on November 6, 2018, that triggered the need for several administrative actions, and one of those is establishing a Municipal Fiber budget for 2019. This supplemental budget appropriation is the vehicle to accomplish establishing the budget. An essential piece of the revenue picture for launching the Municipal Fiber Utility is proceeds from the sale of bonds. The ordinance authorizing the issuance and sale of the Electric and Communications Enterprise Bonds was passed by City Council on Second Reading at the January 15, 2019 meeting.

The budget includes a total of \$87.1 of revenue. The revenue is made up almost entirely of two components: net bond proceeds and interest income. The net bond proceeds total \$85.6 million, which is derived as follows:

Gross Bond Proceeds	\$97.0M
Less: First 6 Debt Service Payments	(\$10.5M)
Less: Bond Issuance Costs	(\$0.9M)
Net Bond Proceeds	\$85.6M

In another matter related to the revenue budget, at City Council’s direction, a \$4 million Operational Risk Mitigation and Stabilization Reserve will be established. These funds will be set aside from the \$85.6 million of net bond proceeds.

The first 6 months of debt service payments (which are interest-only) will be held in reserve by the paying agent, and will therefore be a reduction to the gross bond proceeds. The projected interest income for 2019 is \$1.4 million.

The budget also includes \$73.5 million of capital expenditures and \$3.5 million of operating and maintenance (O&M) expenses. The capital is comprised primarily of four components: 1) \$52.4 million for Network Construction; 2) \$4.4 million for Network Design; 3) \$13.3 million for House and Business Drops; and 4) \$3.0 million for Construction Management. The O&M expenses are made up primarily of Personal Services expense of \$1.9 million. The Personal Services expense includes 15 new FTEs that will be dedicated fully to Municipal Fiber and an allocation of a portion of expense from existing Water and Power staff.

Since the November 6, 2018 vote to form the Municipal Fiber Utility, here are the changes that have occurred to the 2019 budget:

- 1) A \$282,000 decrease in revenue from new customers. The November 6 version assumed some new customers would be online by the end of 2019; an updated construction schedule has led to a more conservative assumption that there will be no revenue from new customers this year.

- 2) A \$293,000 decrease in the debt service payment. Back in November, the assumed interest rate for the tax-exempt bonds was 3.85% and it is now 3.51%. For the taxable bonds, the rate in November was 5.05%, and it is now 3.83%. The combination of these has yielded an increase in the debt service payment of \$293K.
- 3) A \$250,000 increase in the bond issuance expense. In November, this expense was projected at \$650,000, and updated information is showing a projected expense of \$900,000.
- 4) A \$200,000 decrease in Cost Allocation expense. In November, \$200,000 of expense for services provided to Municipal Fiber by other City departments was anticipated. In speaking with Theresa Wilson from the Budget Division, the practice for assigning costs to the various entities is base them on historical activity. Since Municipal Fiber has no expense history, there will be no Cost Allocation expense assigned to the utility in 2019. 2019 will be the first year to gather information upon which to base future years' Cost Allocations.

Outside of these four items, the budget projections for 2019 that were presented to City Council on November 6, 2018 are still accurate.

### **RECOMMENDATION:**

Adopt a motion recommending that City Council approve the proposed Supplemental Budget Appropriation for the Municipal Fiber Utility to the 2019 City of Loveland Budget.

### **ATTACHMENTS:**

-  Attachment A: PowerPoint Presentation

# Attachment A









2019 Supplemental Budget  
Appropriation for Municipal Fiber

Jim Lees, Utility Accounting Manager  
February 13, 2019

## 2019 Proposed Budget Overview

-  \$87.1M Total Revenue
-  \$73.5M Total Capital Expenditures
-  \$3.5M Total O&M Expenses (\$1.9M for Personal Services)
-  Establish \$4.0M Operational Risk Mitigation and Stabilization Reserve

## Revenue Highlights



### \$85.6M of Net Bond Proceeds

- \$97M Gross Proceeds
- \$10.5M Held in Reserve for First 6 Interest-only Debt Service Payments
- \$900K of Bond Issuance Costs



### \$1.4M Interest Income

## Capital Highlights



### \$52.4M Network Construction



### \$4.4M Network Design







### \$13.3M House and Business Drops



### \$3.0M Construction Management

## Changes Since November 6

-  \$282K Decrease in Revenue from New Customers
-  \$293K Decrease in Debt Service Payment
  - Tax-exempt Bond Rate was 3.85%, now 3.51%
  - Taxable Bond Rate was 5.05%, now 3.83%
-  \$250K Increase in Bond Issuance Cost
-  \$200K Decrease in Cost Allocation Expense

# QUESTIONS?



**AGENDA ITEM:** 6  
**MEETING DATE:** 2/13/2019  
**SUBMITTED BY:** Joe Bernosky  
**STAFF TITLE:** Director

**ITEM TITLE:**

Commission & Council Report

**SUMMARY:**

Discuss events that the Loveland Communications Advisory Board Liaisons attended, special topics and any City Council items related to the Broadband Project from the past month.

- City Council Report – Verbal

**RECOMMENDATION:**

Commission/Council report only.



**AGENDA ITEM:** 7  
**MEETING DATE:** 2/13/2019  
**SUBMITTED BY:** Joe Bernosky  
**STAFF TITLE:** Director

**ITEM TITLE:**

Director's Report

**SUMMARY:**

Discuss events that the Director attended, special topics and items directly related to the Broadband Project from the past month.

- Director's Report - Verbal

**RECOMMENDATION:**

Director's report only.