Update & Analysis: Incorporation of Click! Policy Goals into IRU & Click! Business Transaction Agreement

Presented by Chris Bacha to the Tacoma Public Utility Board October 23, 2019
Background
Click! History and Analysis

15 year track record of policy success

Led to multi-year investigation of future path

Thorough investigation led to development of 12 Click! policy goals, reflecting the areas of success to-date and the criteria for decision-making for the future

Policy goals adopted by Council and Board in 2018 became framework for evaluating future strategies
## 2017 – Mid-2018: Evaluative Process

### Consideration of a range of models for Click!, focused on 2 key requirements

- Best means to achieve policy goals in future
- Best means to cover operating costs

### Over course of multiple processes, considered multiple models

- Status quo with additional efficiencies
- Municipal ISP ("All In")
- Utility model (tax-supported)
- Public-private collaboration
2018: RFI/Q to Test Collaboration Model

- 5 responses
- 3 were fundamentally non-aligned with policy goals
- Non-responsive proposers were offered opportunity to revise proposals, following in-person meetings
Non-Responsive Proposals Opportunity to Revise

- Rainier Connect revised proposal to align with policy goals
- Wyyerd declined to participate unless able to buy Click!
- Advanced Stream proposal required substantial increase in City/TPU financial risk
Board & Council directed testing responsive proposals through negotiation

- Potential to meet policy goals
- Potential to shift financial risk to partner
Fall 2018

Stakeholder engagement process

- City & TPU undertook formal process of outreach
- Consultation with community members, Click! customers, & Click! employees

Stakeholders affirmed key policy goals

- Public ownership
- Competition
- Low-income affordability
POLICY GOALS INCORPORATED INTO AGREEMENTS & exhibits
The 12 Click! Policy Goals

Public ownership of assets
Equitable access
Low-income/affordable access
Net neutrality
Open access by other providers
Preserve competition
Safeguard municipal use of services
Maintain financial stability
Economic development & educational opportunities
Job options for Click! staff
Consumer privacy
Click! goodwill, customer service
1. Public Ownership of Assets

**Term:** 20-year term with 2 potential 10-yr. renewals

**Network upgrade:** Cable broadband state-of-the-art (gigabit) within 3 yrs.

**Network upgrades over time:** Rainier to keep parity with cable broadband providers in the region

**New assets:** New and upgraded assets to become TPU property
2. Equitable Access

**Like services at like prices:** Rainier will offer the same services -- at the same prices -- to the whole community.

**Ubiquitous upgrades:** Rainier will upgrade the network to all, not just a few.

**Equitable access to service:** Rainier may not decline service to any customer in good standing & will purposefully endeavor to increase access.
3. Low-Income/Affordable Access

**Federal subsidy:** Rainier commits to provide the federal Lifeline subsidy to customers that qualify.

**High quality inclusion product:** Rainier will offer reduced-cost broadband to households eligible for TPU’s electric service low-income program.

**Free access to community anchors:** Rainier will provide free internet access to 30 locations.
4. Net Neutrality

**Transparency**: Rainier will fully & publicly disclose accurate information about its services

**No throttling**: Rainier will not impair or degrade lawful Internet traffic based on content

**No blocking**: Rainier will not block lawful content, websites, resources, applications, services, or non-harmful devices

**No discrimination**: Rainier will treat all lawful traffic similarly

**No paid prioritization**: Rainier cannot treat some Internet traffic better for financial reasons

**Verification**: TPU can test
5. Open Access

**Open Access Program:** Rainier Connect commits to provide wholesale services to other providers consistent with Rainier’s practices & policies in other areas

**Verification:** Negotiation team verified that the company does provide wholesale services in other markets
6. Preserve Competition

**No transfer without TPU consent:** TPU prior consent required for Rainier to transfer its IRU rights (including changes in control of Rainier)

**No transfer that would reduce local competition:** Rainier may not transfer its IRU rights to any company that already has 25% residential market share

**Transferee must commit to 12 policy goals:** TPU can reject a transfer that violates any of the 12 policy goals
7. Safeguard Municipal Use of Services

**TPU controls fiber:** TPU will maintain control of all fiber maintenance on Critical Routes that serve utility and municipal purposes.

**TPU eliminates cost of maintenance on non-critical routes:** Rainier will be responsible for maintenance of coax.

**Technical safeguards:** The contract includes multiple means by which TPU maintains control and security of assets that serve critical municipal needs.
8. Maintain Financial Stability

**Annual IRU Fee:** Rainier will pay TPU for use of the network $2.5M in Year 1, growing $3M in Year 5 and then growing by rate of inflation.

**Network investment:** Rainier will invest at least $1.5M in the network per year, growing each year by rate of inflation.

**Verification:** TPU can audit capital expenditures every 3 years.
9. Economic Development & Educational Opportunities

**Training**: Internship program for students & residents

**Business attraction**: Rainier to work directly with TPU to support efforts to attract businesses
10. Job Options for Click! Staff

Rainier to make good faith commitment to consider existing Click! employees when filling vacancies
11. Consumer Privacy

**Compliance with City privacy policy:** Rainier commits to comply with City Council Resolution No. 39702 & implement it into its own broadband data service.

**Ensure ISP compliance:** Rainier will require the same policies of any ISPs that buy wholesale service from it.

**Transparent privacy policy:** Rainier commits to publish the privacy policy on its website so its policies are open and transparent to the public.
12. Click! Goodwill & Customer Service

**Responsiveness**: Rainier will maintain a local or toll-free telephone line for taking customer calls.

**Speedy response**: Customer contacts will be answered within 30 seconds & repairs started within 24 hrs.

**Reasonable service timing**: Rainier commits to schedule appointments during four-hour time block in business hours and commits to 7-days or less for installations within 125 feet of network.

**Notice**: 30 days’ notice for changes in rates or services.

**Localism**: Rainier will have staff in Tacoma.