

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

Presented by Chris Bacha
to the Tacoma Public Utility Board
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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



Non-Responsive Proposals Opportunity to Revise

Rainier Connect revised proposal to align with policy goals

Wyerd declined to participate unless able to buy Click!

Advanced Stream proposal required substantial increase in City/TPU financial risk

August 2018

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 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 commites 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
