



City of Lawrence

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CITY COMMISSION

MAYOR
ARON E. CROMWELL

COMMISSIONERS
ROBERT J. SCHUMM
MICHAEL DEVER
HUGH CARTER
MIKE AMYX

May 24, 2011

The Board of Commissioners of the City of Lawrence met in regular session at 6:35 p.m., in the City Commission Chambers in City Hall with Mayor Cromwell presiding and members Amyx, Carter, Dever and Schumm present.

A. RECOGNITION/PROCLAMATIONS/RECOGNITIONS

1. None.

B. CONSENT AGENDA

It was moved by Schumm, seconded by Amyx to approve the consent agenda as below. Motion carried unanimously.

1. Approved City Commission meeting minutes from 05/17/11.
2. Received minutes from various boards and commissions:
Public Health Board meeting of 03/28/11
Sustainability Advisory Board meeting of 04/13/11
Sister Cities Advisory Board meeting of 04/13/11
3. Approved claims to 320 vendors in the amount of \$2,044,864.88. Approved payroll from May 8, 2011 to May 21, 2011 in the amount of \$1,811,441.36.
4. Approved licenses as recommended by the City Clerk's Office.
Drinking Establishment License for Paisano's Ristorante, 2112 West 25th St., and Sidewalk Dining & Hospitality Licenses for Milton's Coffee, 920 Massachusetts, Ingredient, 947 Massachusetts, Chipotle Mexican Grill, 911 Massachusetts.
5. Approved appointments as recommended by the Mayor.

Aviation Advisory Board:

Reappointed Richard Haig to an additional term that would expire 05/31/14.

Community Development Advisory Committee:



Appointed Patrick Wilbur (841.8801) and Eric Hethcoat (785.233.3232) to terms that expire 09/30/13.

Douglas County Community Corrections Advisory Board:

Reappointed Robert Suderman (841.6357) to an additional term that expires 05/31/13.

Historic Resources Commission:

Appointed Tracy Quillin (550.4822) to a term that expires 03/01/14.

Lawrence-Douglas County Housing Authority Board:

Reappointed David Clark (832.1381) to an additional term that expires 06/30/15.

Lawrence-Douglas County Metropolitan Planning Commission:

Appointed Deron Belt (766.9779) to a term that expires 05/31/14.

6. Bid and purchase items:

- a) Set bid date of June 7, 2011 for City Bid No. B1131, Project No. PW1105, 2011 Overlay Program, Phase 2.
- b) Authorized Mayor to sign City-State Agreement for 2011 KLINK project along West 6th Street, from Massachusetts to Iowa, and set bid date of June 7, 2011 for City Bid No. B1128, Project PW1101, 2011 KLINK project. This project includes right turn lane/bus lane at 6th and Maine and 6th and Michigan on the westbound side.
- c) Approved the purchase and installation of a new restroom facility at the Youth Sports Complex for the Parks and Recreation Department from RD Johnson for \$67,490.00

- 7. Authorized the Mayor to sign a Release of Mortgage for Christine Lanier, 1812 Atherton Court.
- 8. Approved as signs of community interest, a request from St. John the Evangelist Catholic Church to place signs on 15 foot poles in the school parking lot above the fence line at 1208 Kentucky advertising the St. John Mexican Fiesta from May 27 – June 30, 2011 and to place signs in the driveway of the school entrance at 1208 Kentucky for “No Football Parking” during University of Kansas home football games; “Oktoberfest” from September 1 – October 30, 2011; and the St. John Mexican Fiesta from June 17 – June 27, 2011.
- 9. Approved as signs of community interest, a request from First Southern Baptist Church to place a sign in the right-of-way at the church, 4300 W. 6th Street, promoting Vacation Bible School, June 20 – 24, 2011. The signs would be placed from June 9 – 23, 2011.

C. CITY MANAGER’S REPORT:

David Corliss, City Manager, presented the City Manager’s Report.

Commissioner Carter asked about the sidewalks on the North Kasold project.

Corliss said we are not putting in new sidewalks in the 6th to Peterson section. He said the funding challenge for adding sidewalks was that there was a pretty good size hill in some areas.

Amyx said we generally get some questions regarding Westar's tree trimming projects.

Corliss said Westar had notified the city, but they did not have to ask for permission because they had a utility easement. He said the city encourages Westar to be aggressive in the efforts to notify adjacent properties when they are planning trimming projects.

D. REGULAR AGENDA ITEMS:

1. Receive staff report regarding request from Community Wireless Communications (CWC) to execute a comprehensive right-of-way agreement with the City.

Diane Stoddard, Assistant City Manager, presented the staff report.

Joshua Montgomery, President of Community Wireless Communications and founder of Lawrence Freenet, presented a Powerpoint Presentation (attached at the end of this document).

Carter asked if CWC's need for space for cables and structures would increase as business increased for CWC.

Montgomery said it would not.

Schumm asked if Montgomery said CWC had installed the tower near the LEC.

Montgomery said they installed equipment on the preexisting tower.

Cromwell asked if Montgomery would address the space requirement on the tower itself.

Montgomery said on the 6th Street tower site it was a night and day difference between the cellular providers and CWC, although at some sites CWC used more space, similar to a cellular installation.

Cromwell asked if there were interference issues.

Montgomery said they usually worked things out with the other providers without problems. One time AT&T installed equipment in front of their radio but they were able to work things out.

Cromwell asked whether the strands of fiber we were talking about were a separate issue than the 5% of revenues and location of equipment on towers.

Montgomery said he hoped to get this wrapped up with another agreement or a subagreement. He said if we were talking data with CWC we should talk data with the other providers.

Cromwell said the 5% for the aerial sites was a different thing than the in ground infrastructure.

Montgomery said he was proposing 5% for access to everything so separate agreements didn't have to be worked out for every piece of infrastructure. He said to be blunt he also couldn't afford to pay \$2,000/mo for each tower.

Cromwell said he understood but perhaps had a different opinion.

Amyx asked if between the two items on the agenda, if one was dependent on the other.

Montgomery said not necessarily, but growing revenue linked them because CWC was at capacity right now.

Carter said going to the 5% may only be a good deal if CWC got the fiber and that allowed CWC to grow. In that way the 5% was dependent on getting the fiber.

Schumm said the use of the towers and other city owned infrastructure as well as the right-of-way was viewed as a single system. The second part was suggesting that others would want to participate and pay the 5% and Montgomery was protecting CWC in the future from others undercutting their price.

Montgomery said that was correct.

Amyx said regarding the 99 year lease, he asked what was the life expectancy of the fiber optic cable.

James Risner said as long as it was not damaged it would last forever.

Montgomery said when there are accidents repairs can be made.

Amyx asked whether CWC would pay for repairs.

Montgomery said there would probably be some kind of equity agreement.

Cromwell asked what was the minimum amount of fiber CWC needed.

Montgomery said even one strand would be a vast improvement because limited spectrum was an issue.

Cromwell asked if that was the case even for managing video services.

Montgomery said yes.

Schumm said regarding the number of strands they needed, if they only really needed 2 or 3, would they be considering selling the other strands at some point.

Montgomery said more strands gave more flexibility. The problem was not so much the fiber but the conduit. CWC could not afford to put conduit in the ground.

Carter said CWC proposed 24 strands. He said anyone who wanted to get into the fiber would be glad to pay \$30,000 also.

Montgomery asked if the city had a number of strands in mind for other vendors.

Jim Wisdom said in the past the city had discussions with KU, Douglas County, and others interested in the same thing, mostly because we were all paying for fiber. For example, all the fiber we use we own except for one pair strand to the Clinton Plant, for which we pay \$18,000 per year. LMH pays \$60,000/yr to connect their two sites. USD497 paid \$12,000/yr. Some of the other organizations all have buildings in the same areas as we did, and in the process of connecting buildings we could also connect traffic signals, etc.

Cromwell asked whether there were other potential paying vendors who would want strands.

Wisdom said he did not know.

Cromwell asked if the county would be interested.

Wisdom said the county leased fiber to various locations.

Amyx asked if the conduit had 288 strands.

Wisdom said that was about the most you could fit in the conduit.

Amyx asked how many we needed to retain to meet our needs and our partner needs.

Wisdom said he had not discussed that in depth with them.

Amyx asked if it was 250.

Wisdom said we probably wanted to reserve 192 for traffic, 12 for police, about 36 to connect other city buildings along the way. Initially maybe the county and KU and maybe CWC would help us fund projects in other directions we needed to go.

Amyx asked if it was possible then to meet our needs and put together a program to get fiber to other private vendors.

Wisdom said yes.

Amyx asked about the 23rd St bridge replacement.

Wisdom said the conduit would have to be moved for that project. If you added 288 strands before moving the conduit you would have to cut those and splice them all back together. It would probably costs \$15,000-\$20,000 to move the fiber if we installed it before moving.

Cromwell invited Montgomery to finish his presentation.

Montgomery continued his presentation.

Carter asked about the video and internet services. Video for other vendors is not via internet, so we get franchise fees. In the future that might change and we won't get franchise fees.

Montgomery said in the future cable companies would probably create subsidiaries and transfer video to the internet to avoid franchise fees.

Carter said this deal would allow us to get franchise fees for video over internet.

Corliss said federal law did not allow us to collect franchise fees on internet.

Dever said the vendor could elect to pay on internet services.

Corliss said we could not require them to pay a franchise fee for internet.

Montgomery continued his presentation.

Schumm said before we went further he wanted to disclose that there is an active Freenet antenna on his building downtown. He said it did not create a conflict and he did not receive compensation from it, and it would not influence his vote, but he wanted to be open about it.

Schumm asked what the status for the free customers would be when Freenet was rolled into a for profit company.

Montgomery said they would retain their free or reduced fee status.

Schumm asked if Freenet would disappear or if it would still be an entity.

Montgomery said it would change significantly and effectively cease to exist.

Schumm asked if CWC would continue providing free and reduced service.

Montgomery said yes.

Mayor Cromwell called for public comment.

Debra Schmidt, business manager and interim GM for Knology referred to the letter included in the agenda packet. She said Knology was concerned that the request would create a situation for disparate treatment of for profit companies. The proposal gives CWC an unfair advantage. The difference would be that Knology builds and funds its own infrastructure. She said there are competitors here in Lawrence already and there is no guarantee that other providers would come here. She said Knology was still local, not all of the profits went to Georgia. There was still a strong local presence and partnerships with local businesses. She said Knology provided a service with no bandwidth overage fees. Knology internal counsel has not had the opportunity to fully digest the proposal. She requested that the Commission defer the item to allow Knology time to consider the proposal.

Carter asked if Knology would be interested in the project.

Schmidt said she did not know at this time.

Amyx said during the time that the staff was negotiating with CWC, would that be enough time for Knology to meet internally and with city staff. A final decision would not be made tonight.

Schmidt said yes.

Cromwell said we would dive further into the issue of favored treatment of one company, but in this proposal we were talking a 5% revenue sharing in exchange for access to sites. He asked whether it would be equitable to give the same thing to AT&T or another vendor in exchange for 5% of their internet revenue.

Toni Wheeler said we did not have the option to require that under federal law.

Cromwell asked whether we could offer that type of deal without requiring it.

Corliss said it was his understanding that we have to treat companies in our right-of-way in a competitively neutral manner. Part of the proposal was regarding items not in the public right-of-way which is different than someone just occupying the right-of-way. He did not think we were treating companies in the right-of-way differently. He said regarding the conduit and the fiber arrangement, we own the conduit and have used it successfully. This didn't have anything to do with the franchise, this is an asset we own that happens to be in the right-of-way. Here we are talking about letting CWC use some of the fiber strands, which is completely different than the use of the public right-of-way. He said Knology or others could occupy and put anything in the right-of-way as long as they followed the franchise agreements. He said he did not think there was a competitive neutrality issue. He said the policy issue was pricing the public assets.

Wheeler said to clarify, the pole at the Clinton Plant was one of the first agreements that was negotiated and since that time we have taken a different approach on other sites.

Cromwell said we had a proposal for a certain number of strands for \$30,000. He said he thought the conduit and the franchise agreement are separate issues because we have conduit in the ground and it is an asset we can charge for. He asked whether it was proposed

that in the future if CWC wanted to put new conduit in the ground, the franchise would give them the right to do that.

Schumm said early on CWC was paying for the fiber optic and the installation of it.

Stoddard said yes, the original proposal was for CWC to pull the fiber and retain 10% ownership.

Schumm asked if that was still the proposal.

Stoddard said CWC was offering \$30,000 to leverage the grant.

Schumm asked if there was other fiber to pull as well.

Wisdom said it would all be pulled at once.

Schumm asked at what locations.

Wisdom said roughly from 23rd and Iowa to East Hills Business Park. He said the \$30,000 offer worked out to a few dollars per month per pair of fiber strands. He said there may be other opportunities for partnerships.

Dever said market rates had been brought up a couple times. We as a city were learning to negotiate these types of agreements. The federal government viewed wireless internet service providers differently than cellular services, and we could view them differently as well. He said there were not other companies wanting to come in with WISPs, so we had the opportunity to set the rate. He said the market rate was whatever someone was willing to pay for it. There has been innovation occurring for many years. He said we weren't being uncompetitive and it was fair to set a market price. He said it was only fair to look at how we would provide companies access to what we have, fairly. He thought the price for the fiber and the right-of-way needed to be discussed, but together they were more powerful than separately.

Cromwell said the value of the fiber is what someone is willing to pay for it. There were two proposals, one where CWC pulled the fiber and the other the KDOT grant. He said we needed to be careful about selling too many strands to someone who didn't need the capacity at this point. He was maybe more comfortable selling 12 strands for the same \$30,000 price. If

other vendors wanted to buy strands in the future we could sell them. He said it would be in the city's best interest to go that route.

Stoddard said she talked to Montgomery about the timing issues of the grant, and the funding wouldn't be available until July 2012. The city can't access the state funds until that time.

Schumm asked if the timing was so important to CWC, could they provide the same amount of money as the grant funds and we could pay them back when the grant was received.

Shoeb Uddin, City Engineer, said we could explore that with KDOT.

Cromwell said moving the conduit would also require extra costs for splicing.

Montgomery said CWC would want to move the conduit before filling it with fiber.

Dever said fiber was only a small part of the grant and there were many other activities funded. He asked if we could move the conduit in a few weeks.

Uddin said that would be a challenge. There would have to be investigations of any damage to the conduit or missing sections that would have to be repaired.

Dever asked how long it took to pull the fiber on the current project.

James Risner said if we had the fiber today we could blow (pull) all the fiber from Iowa to the East Hills Business Park in 3 days. The last run was blown in two days, but we had to wait for the Iowa widening and to make sure we wouldn't have to cut it and pull it back.

Carter said there were a lot of details to be worked out. He agreed with Dever and Cromwell. He said his enthusiasm to get the project done was not dampened. He said we wanted to have more visible efforts to be business friendly. He said the government was not going to create jobs, but could create an environment where businesses could create jobs. He said we should not be behind other communities in providing broadband. He said this could be a good example of jumping at an opportunity. He said it was a visible effort to be creative, stay ahead of the curve in technology. He said when it came to the numbers, whether it be a different

dollar amount, percentage, length of contract, or number of strands, he didn't want those things to bog this down. He said there was plenty of capacity for others to participate.

Amyx said one of the things important to him was being able to provide folks with low to moderate incomes with internet. Any agreements needed to make sure that service continued. He said if we were wrapping Freenet's agreements into CWC we needed to continue that service. He said the value of CWC would go up with these agreements. He said at some point someone would be interested in the sale of CWC and we needed to carry forward the things that were important to us. When looking at the value of the strands would it hurt to have Corey Mohn to look at that and make sure we are competitively neutral? He thought it was a good idea to only make a portion of the fiber strands available at this time. He said he thought the possibilities were endless and it would go a long way in helping businesses settle in Lawrence to have competitive internet connections. He said he was ready to proceed and look further into this.

Schumm said he agreed with many of the comments. The city should be the owner of the conduit and the cable. We should retain a certain number of the strands because we didn't know how valuable they really are at this time. It was fair to allow one bundle to go to CWC at this time and we needed to recognize that he was going to put in this new business which was a risk and a gamble. If he is enormously successful we would hopefully see expansion. It was exciting that cutting edge technology was about to roll out in the city.

Cromwell said he would like to see something about the strands not being able to be subleased. Otherwise he thought we were ready to go. One of the things about Lawrence is that we are sitting on an intellectual hub in the region and to think we are lacking or may be in the future lacking in capacity was unacceptable. He appreciated KDOT participation in this.

Wheeler asked if the Commission wanted to come back with a 99 year lease.

Cromwell said that was probably beyond the life expectancy of most companies. Long term lease made sense but 99 years might be too long.

Schumm said one of the questions is whether the conduit wears out before the cable. That could be a huge expense.

Carter said from a financing standpoint, he didn't know what was required from investors but probably significantly less than 99 years.

Dever thanked everyone for putting up with his persistence on this issue over the years. He said the digital divide was between communities having high speed internet and those that didn't. This could be our offensive movement in protecting jobs and laying groundwork for job growth. This is just a piece of the puzzle in providing infrastructure for job growth. Without the ends of this cable connected to the internet we needed a partner who could make that happen. He said he wanted to help this company grow but not at the disadvantage of existing companies.

Stoddard said she understood the Commission's direction was to bring back an agreement as soon as possible with CWC that enables the large agreement that was envisioned; in terms of the conduit issue to make sure we maintain ownership of the fiber and we look at including 12 strands with CWC at this point; that there be a long enough lease term for adequate comfort for investors but not to outlive the life of the conduit, and not sublease the strands; and provision of free service included in both of the agreements.

Schumm said since we are retaining some of the fiber for a later date, the idea is that we would price it according to the market, and CWC doesn't sell below the market rate so we couldn't be in competition with our lessee.

Corliss said we would own the fiber and lease 12 strands to CWC.

Amyx said if CWC were to sell, would we retain an ability to look at the agreement and the transfer of the fiber.

Corliss said the Commission would have to authorize the transfer.

Carter said regarding the timing, being able to get this going before the Google project in Kansas City could be advantageous.

Corliss said his preference would be to talk to KDOT and see how fast we could do this. We could propose internally financing it with an agreement that KDOT pay us back when they had the financing available. That would be his suggestion. He said if we had such an agreement we would find a way to do the short term financing.

Moved by Schumm, seconded by Dever, to direct staff to proceed with discussions with CWC on an agreement for future City Commission consideration. Motion carried unanimously.

2. **Consider acceptance of KDOT FY2013 ITS (Intelligent Transportation System) Set-Aside funds in the amount of \$150,000 to extend the ITS network along 23rd Street.**

David Corliss introduced the item.

Shoeb Uddin, city engineer, presented the staff report.

Corliss said we would present on a consent agenda a change order for doing work up North 2nd or 3rd.

Schumm asked if the conduit was already in the ground.

Uddin said yes.

Cromwell asked whether this allowed us to monitor but also change the pattern of the lights in real time.

Uddin said yes, to some extent. It allowed signal timing plans, controlling the amount of time a light held on green. Different signal timing plans could be developed and reprogrammed from the traffic building rather than having to go out on site. He said it hasn't been done yet because we haven't had the system in place long.

Mayor Cromwell called for public comment. None was received.

Moved by Dever, seconded by Carter, to accept KDOT FY2013 ITS Set-Aside funds in the amount of \$150,000. Motion carried unanimously.

3. **Consider authorizing the City Manager to sign a contract with KDOT for conveyance of real estate by warranty deed for right-of-way and temporary**

easement for the reconstruction of the 23rd Street Bridge at Haskell, and consider authorizing the City Manager to sign the donation of right-of-way and Waiver of Appraisal form.

Chuck Soules, Public Works Director, presented the staff report.

Corliss said KDOT owned the bridge and did major maintenance, but the city was responsible for minor maintenance. It was somewhat different than other portions of state highways. He said the city was participating in about \$300K of the bridge replacement plus about \$1 million for utility relocations.

Carter asked if it was \$1 million total.

Corliss said that was just the utility relocations.

Amyx asked about the dip, whether the replacement went back that far.

Soules said yes. That would be dug out and the fill redone. He said core samples had been taken. It would be concrete instead of asphalt.

Mayor Cromwell called for public comment. None was received.

Moved by Dever, seconded by Schumm, to authorize the City Manager to sign a contract with KDOT for conveyance of real estate by warranty deed for right-of-way and temporary easement for the reconstruction of the 23rd Street Bridge at Haskell, and to sign the donation of right-of-way and Waiver of Appraisal form. Motion carried unanimously.

4. Consider setting a bid date of June 14, 2011 for Bid No. B1123, Project UT0810DS, Phase II of the 2010-2011 Watermain Replacement Program – 9th Street from Tennessee to Vermont Streets and Kentucky Street from 12th to 19th Streets.

Philip Ciesielski, Assistant Director of Utilities, presented the staff report.

Amyx asked whether this would be plastic pipe.

Ciesielski said it would be PVC.

Amyx asked why it was different than the Iowa project which was ductile pipe.

Ciesielski said ductile was used in more heavily trafficked areas where more directional boring by other utilities would be going on because it was a little more resilient to being hit. Both types when installed correctly had 100 year life expectancy. The PVC pipe did not corrode but the iron fittings would have to be wrapped because they corrode over time when exposed to the ground.

Mayor Cromwell called for public comment. None was received.

Amyx noted that the old 12 inch cast iron lasted 100 years.

Moved by Amyx, seconded by Carter, to set bid date of June 14, 2011 for Bid No. B1123. Motion carried unanimously.

E. PUBLIC COMMENT:

None.

F. FUTURE AGENDA ITEMS:

David Corliss, City Manager, outlined potential future agenda items.

G: COMMISSION ITEMS:

None.

H: CALENDAR:

David Corliss, City Manager, reviewed calendar items

I: CURRENT VACANCIES – BOARDS/COMMISSIONS:

Existing and upcoming vacancies on City of Lawrence Boards and Commissions were listed on the agenda.

Moved by Amyx, seconded by Schumm, to adjourn at 9:31 p.m. Motion carried unanimously.

APPROVED:

Mayor Cromwell, Mayor

ATTEST:

Jonathan M. Douglass, City Clerk

Attachment to 05/24/11 City Commission Meeting Minutes: Presentation from Joshua Montgomery, Community Wireless Communications. See next page.



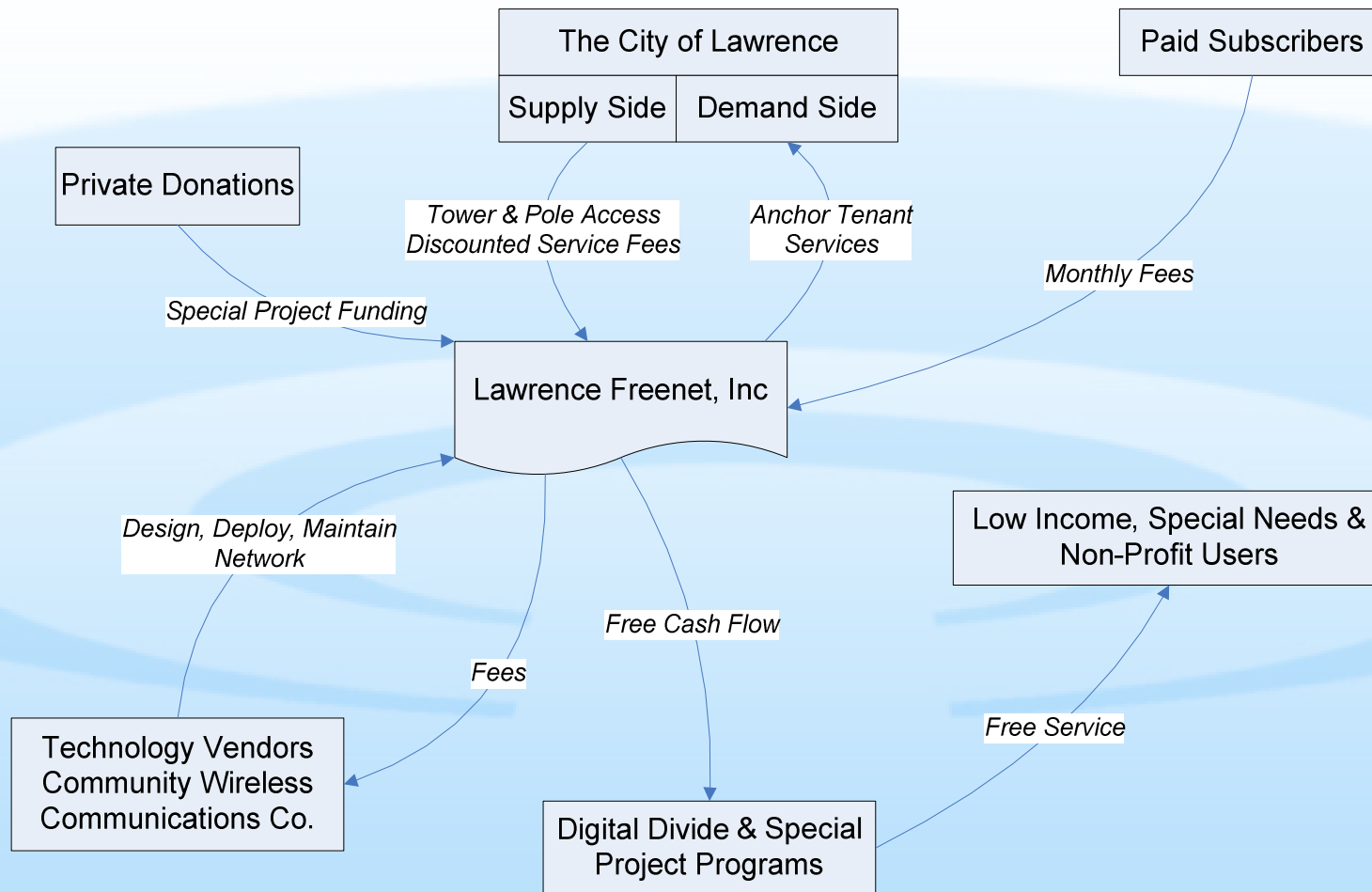
City of Lawrence Presentation

May 24, 2011

Overview

- Project Status and Accomplishments
- Comments on Pros/Cons
- Economic Development
- Creating Success

Project Status - Current Structure



Contract Conversion

- Lawrence Freenet, Inc. Unable To Raise Funds
 - Traditional Financing Unavailable
 - Donations Unavailable
- CWC Needs Direct Access to Towers & ROW
 - Additional Fund Raising Depends on Predictable Relations with City Government
 - CWC Committed to Continuing Low Income Services
 - CWC Committed to Providing Services to Facilitate Future Economic Development

Accomplishments to Date

- 100% Operational Safety Record
- CWC Invested \$2.3 Million in Lawrence Infrastructure
- Lawrence Network is Largest Open Source Mesh Network on Earth
- Lawrence Network Moves 7 Terrabits of Information every day. (7,000,000,000,000) bits
- Lawrence Network Has 525 Points of Presence

Comments on Staff Report

- Pros
 - Increased Revenue over Time
 - Leveraging Access through CWC infrastructure
 - Additional Offerings for the Public
 - Saving Taxpayers Money (Grant Match)
 - Support Locally Owned Company
 - Savings on Water Tower Monitoring
 - Administrative Efficiencies on Contract Management
- Cons
 - Less-than-market Rate for Initial Infrastructure Access
 - Loss of Control Related to Bank Collateral
 - Disparate Treatment of For-Profit Companies
 - Operational Challenges and Coordination Issues

Cons - Rebuttal

- Less-than-market rate for initial infrastructure access
 - The Wireless Internet Service Provider (WISP) market is separate from the cellular telephone market
 - CWC's use of tower infrastructure is much less intense than cellular telephone providers
 - The Market price for WISP access is significantly lower than has been represented



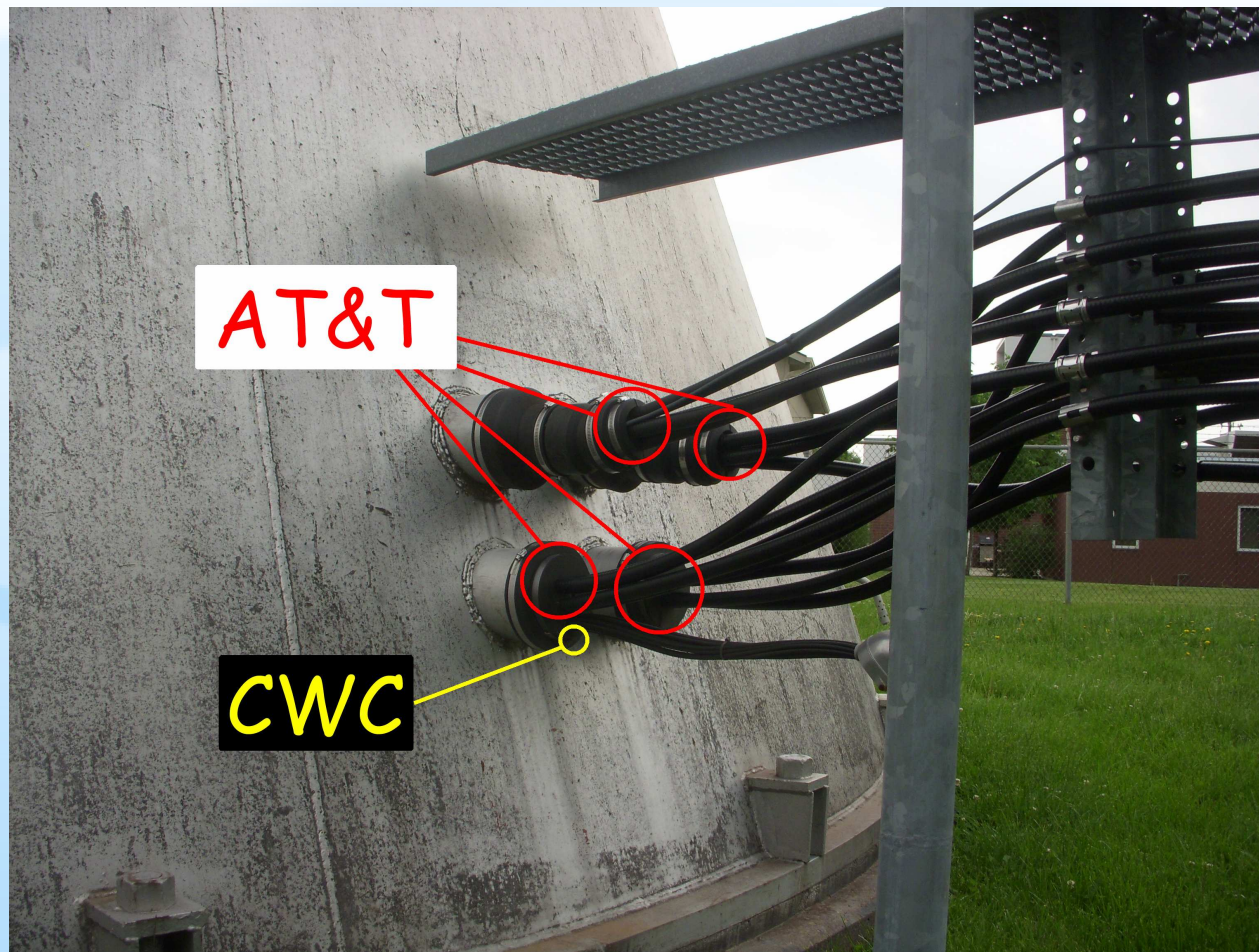
WISP vs. Cellular – Different Markets

- Community Wireless uses Unlicensed Spectrum
 - Cellular providers cover more area with fewer towers
 - Cellular providers are guaranteed interference free spectrum
 - WISP equipment requires close proximity or line of site
- WISP service is priced much lower than Cellular service
- US Government Officially Classifies Businesses Differently (North American Industry Classification System)
 - Wireless Internet Service Provider – NAICS 517210
 - Cellular Telephone Communication Carrier – NAICS 517212

CWC's Use of Infrastructure is Less Intense



6th St Tower Cable Entrance



Stratford Tower Site

AT&T

29' x 11' = 319 sqft
\$2,265/Mo

Verizon

30' x 11' = 330 sqft
\$1,970/Mo

Freenet

Shared With
LAPD, Water Dept, "T"

9' x 8' = 72 sqft
?/Mo

WISP Market Precedent

- CWC Recently Executed Agreement with Douglas County at 11th & Mass
 - 5 Year Term
 - Automatic Renewal Clause
 - \$416/Mo
 - 190 Ft Tower Height

City Pricing Precedent

- Clinton Treatment Plant
 - T-Mobile, AT&T and Verizon pay \$3,408/Quarter

$$\frac{\frac{\$3,408}{\text{Quarter}} \times \frac{1 \text{ Quarter}}{3 \text{ Months}}}{3 \text{ Carriers}} = \$379ea / \text{Mo}$$

Future Revenue May Exceed Cellular Price

- Contract Clarification / ROW Issues Will allow CWC to Grow in 2012
- Additional Fiber Capacity Will Encourage Growth
- 5% of CWC 2020 Revenue May be Significant



Loss of Control Related to Bank Collateral

- CWC Willing to Pay \$30,000 for 24 Strands of Fiber
- Participation Saves Taxpayers Money
- Other Franchise Holders May Participate
 - On Equity Basis
 - 2 Carriers, \$15,000 Ea, 12 Strands Ea
 - 3 Carriers, \$10,000 Ea, 8 Strands Ea
 - Must Pay 5% of Broadband Revenue
 - Participation Should Not Be Allowed To Slow Schedule

Disparate Treatment of Companies

- All Franchise Holders Welcome to Participate
 - Must Pay 5% of Broadband Revenue
- Disparate Rate Reflects Intensity of Use
- Economic Development by Necessity
Involves Encouraging Local Development

Operational Challenges and Coordination

“Sharing the fiber optic cables among private/public agencies are also very common, and are done through a variety of legal arrangements” (Pg 3, Paragraph 5)

Pros of CWC Proposal

- Possibility of Increased Revenue Over Time
- Leveraging Access to Increased Connectivity
- Additional Video/Internet Service Offerings to the Public
- Saving Taxpayers Money (Avoiding Grant Match for Fiber Build Out)
- Savings on Current Water Tower Systems
 - \$18,000 In Savings
- Administrative Ease & Efficiencies Related to Consolidation of Agreements

Economic Development

- Entrepreneurial Spirit
 - Innovators Seek an Active Fund Raising Environment
 - Spirit of Innovation
 - Access to Skilled Labor
- Public Services
 - Excellent Schools
 - Quality Police, Fire & Medical Care
- Quality of Life
 - Night Life
 - Family Activities
 - Public Parks
 - Walkable Neighborhoods
 - Retail Shopping
- Quality Companies Need Infrastructure:
 - Utility Power
 - Water Services
 - Highway Access
 - Rail Spurs
 - Broadband Access

Broadband Infrastructure – Lawrence Is Behind

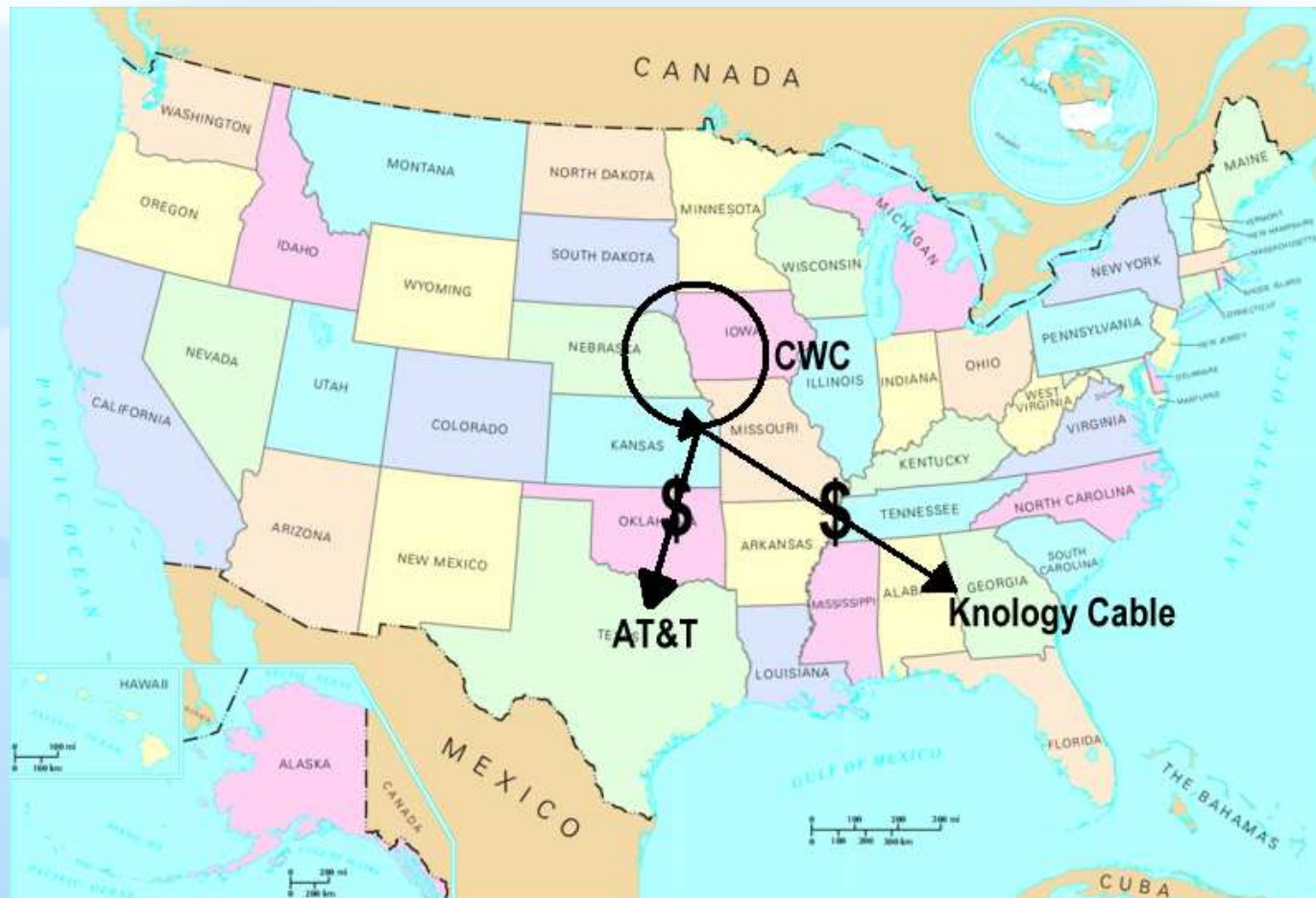
- Corporate Broadband is Unavailable or Prohibitively Expensive.
 - City's AT&T Contract 45 Mbps = \$6,250/Mo
(Source City AT&T Contract 139954 Dtd 1/14/2010 Page 4 Table 4)
 - Olathe – Cogent 100 Mbps Service - \$700/Mo
 - KCK - Google Fiber – 1,000 Mbps –
Disruptive Price (~Montgomery Estimated Pricing \$500-\$1000/Mo for Businesses)
- Residential Broadband Is Capped
 - Caps Stifle Innovation



Economic Development Benefits

- Expanding Broadband
- Providing Disruptively Priced Data Rates
 - CWC Provides 100 Mbps Service for \$23/Mo
- Encouraging Entrepreneurship
 - CWC Has Committed 1,000 Mbps to the Arts Incubator
 - CWC Works with Entrepreneurs
- Provide Choices for Businesses & Residents
- Create Jobs
 - As we begin to grow again, so will our payroll
- Keeping Revenue Local

CWC Keeps Broadband Funds Local



Economic Development - Creating Success

- How Can the City Create Success?
 - Provide Tower Access & Poles Access for 5% Gross Revenue
 - Provide Timely Access to Conduit/Cable

Create Success - Tower & Pole Access

- Decrease Uncertainty
 - Long Term Contracts Increase Confidence
 - Positive City Relationship Increases Confidence
- 5% Payment Puts CWC on Even Terms with AT&T and Knology
- Appropriately Priced Utility Access Eliminates Infrastructure Duplication



Create Success – Conduit Access

- Immediate Conduit Access Increases CWC's Capacity/Reliability
 - Immediacy is Important - Cisco Estimates Internet Traffic Will Quadruple from 2009 to 2014
 - Allows CWC to Serve More Customers
 - Decreases Residential Bandwidth Costs
 - Immediate Access Allows 1,000 Service Launch BEFORE Google's 2012 KCK Launch
 - Helps Business Community by Providing Choice

Recap

- Project Status and Accomplishments
- Comments on Pros/Cons
- Economic Development
- Creating Success