



**Town Council
IN PERSON MEETING
200 BROADWAY
EAGLE CO 81631
Meeting Begins at 4:00 p.m.
Tuesday, September 1, 2020**

*This agenda and the meetings can be viewed at www.Townofeagle.org.
Times listed are approximate and are subject to change.*

CALL TO ORDER - 4:00 PM

BROADBAND

1. Town of Eagle Municipal Broadband Update and Presentation

ADJOURN - 6:00 PM

I hereby certify that the above Notice of Meeting was posted by me in the designated location at least 24 hours prior to said meeting.

Jenny Rakow, CMC
Town Clerk

PUBLIC WIFI - TOEG – townofeagle2019



To: Mayor and Town Council

From: Brandy Reitter, Town Manager
Bill Shrum, Assistant to the Town Manager
Jill Kane, Finance Director

Date: September 1, 2020

Agenda Item: Town of Eagle Municipal Broadband Update and Presentation

REQUEST:

Staff requests that the Council review a comprehensive presentation on the status of the Town of Eagle's municipal broadband initiative.

INTRODUCTION:

The purpose of the work session is to inform the Town Council of the status of the progress made on the municipal broadband initiative. There are three main components of this project to ensure that it is successfully implemented. The legal structure of the enterprise, financing, and the construction plan. The consultants that the Town is working with are Uptown Consulting, Northland Securities, and Dinsmore & Shohl. This team has worked over the last 6 months with staff to present a full implementation package.

During the work session and after the review of the proposals, staff is seeking direction from the Town Council as the Town moves forward in its implementation of municipal broadband. In the analysis below, staff has included a timeline of decisions made by the Town of Eagle that led to this point in the process. Attached to this memo are presentations by Uptown Consulting, Northland Securities, and Dinsmore & Shohl.

ANALYSIS:

Timeline of Events:

- In 2017, the Board of Trustees developed a strategic plan that prioritized economic vitality as a major objective that included expanding broadband in Eagle.
- March 23, 2019, the Town of Eagle approved a contract with Northwest Colorado Council of Governments (NWCCOG) to become a member of Project THOR a broadband cooperative. The presentation of that contract and business items can be found starting on page 59 of the packet, linked [here](#).
- In 2019, the Town formed a citizen broadband steering committee to solicit input from the community on the need for increased services and feedback on the

Town's role in supporting broadband offerings.

- In 2019, Town selected Uptown Consulting to conduct a Broadband Feasibility Study to determine the financial and service environment for municipal last-mile service which included a community survey.
- Uptown Services presented the final report of their Broadband Feasibility Study at the December 10, 2019 Board of Trustees meeting. The presentation starts on page 93 of the packet, linked [here](#).
- In April of 2020, the fiber meet-me-center was extended to Town Hall which initiative steps of the feasibility plan.
- In 2020, the Town Council approved a DOLA grant to extend broadband down to Chambers Avenue to support Public Works and the commercial district.

COMMUNITY INPUT:

Community input was solicited in 2019 to determine the level of support for municipal broadband. Town also formed a citizen community during that time to educate and assess the level of support by stakeholders.

BUDGET / STAFF IMPACT:

The Broadband initiative does have an impact on the Town. Those impacts are included in the reports attached to this memo.

STRATEGIC PLAN ALIGNMENT/STANDARDS ACHIEVED:

The work session material supports the following policies of the Town of Eagle:

Major Objective No. 5 – Stimulate Economic Vitality and Development

Broadband supports all aspects of the local economy. Investments made to expand offerings make Eagle more competitive in the region and attract jobs and businesses. Eagle's biggest economic opportunity is remote working and the retention of existing business and broadband enhances both.

Major Objective No. 7 – Implement Priority Infrastructure Improvements

Stated under this objective, broadband is identified as an important infrastructure to support economic development. These proposals support the implementation of this strategic priority.

RECOMMENDED ACTION OR PROPOSED MOTION:

A motion is not required for a work session. The broadband team is soliciting input for the Town Council before moving forward with related ordinances and resolutions in September and October.

ATTACHMENTS:

- Uptown Consulting Project Update
- Broadband Financial Proposal from Northland Securities
- Broadband Enterprise Proposal from Dinsmore & Shohl



Broadband Work Session

for

The Town of Eagle

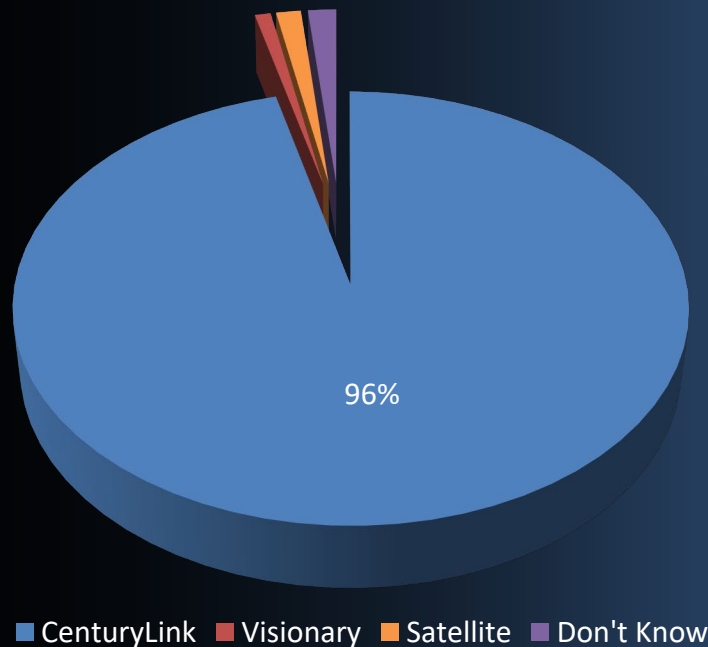
September 1, 2020

Uptown Services, LLC
Dave Stockton & Neil Shaw, Principals

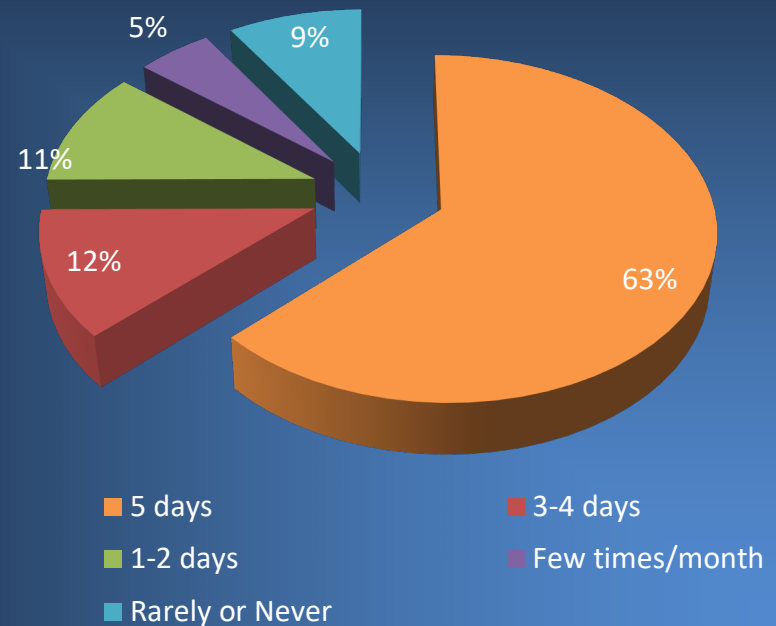
PRE-COVID INTERNET SERVICE USAGE

- ◆ 97% of Eagle households subscribe to a wired Internet connection at home
- ◆ CenturyLink has 96% market share
- ◆ **Prior to COVID-19, nearly 2 in 3 households used their home Internet service to perform job tasks 5 or more days per week**

**Internet Market Share
(Households)**



Using Internet at Home for Work Tasks

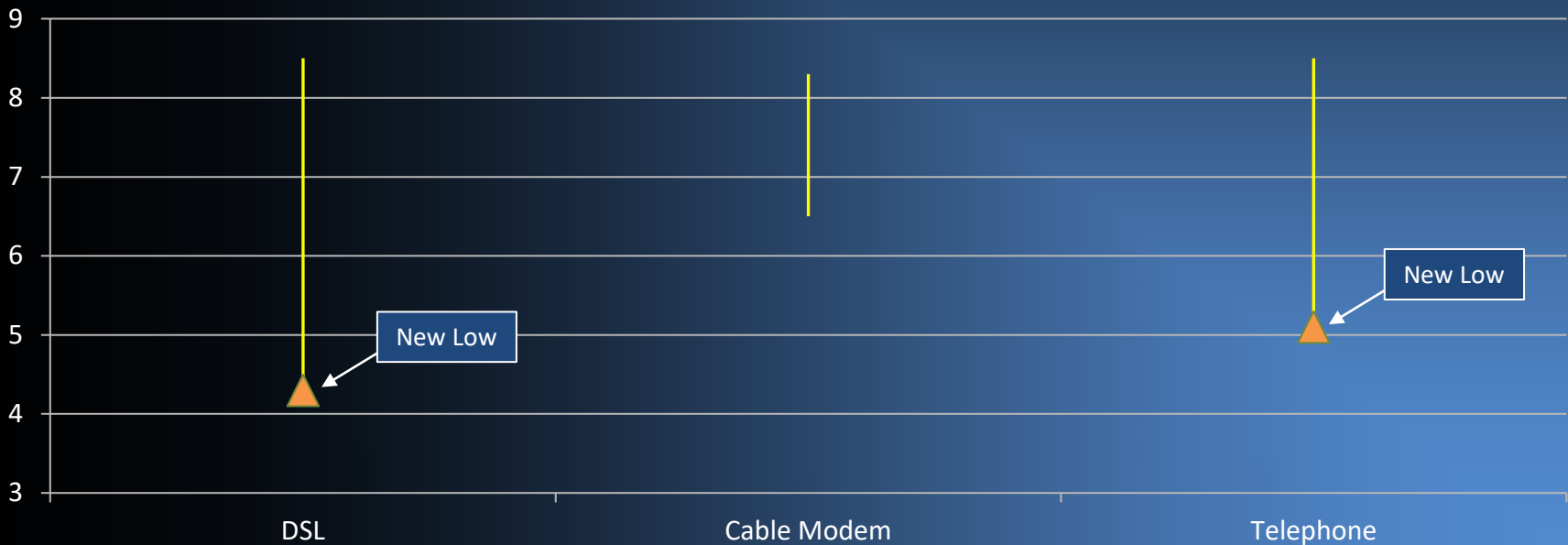


SATISFACTION RATING BENCHMARKS

The chart below compares the results of this study with over 30 other markets where Uptown has completed similar quantitative research:

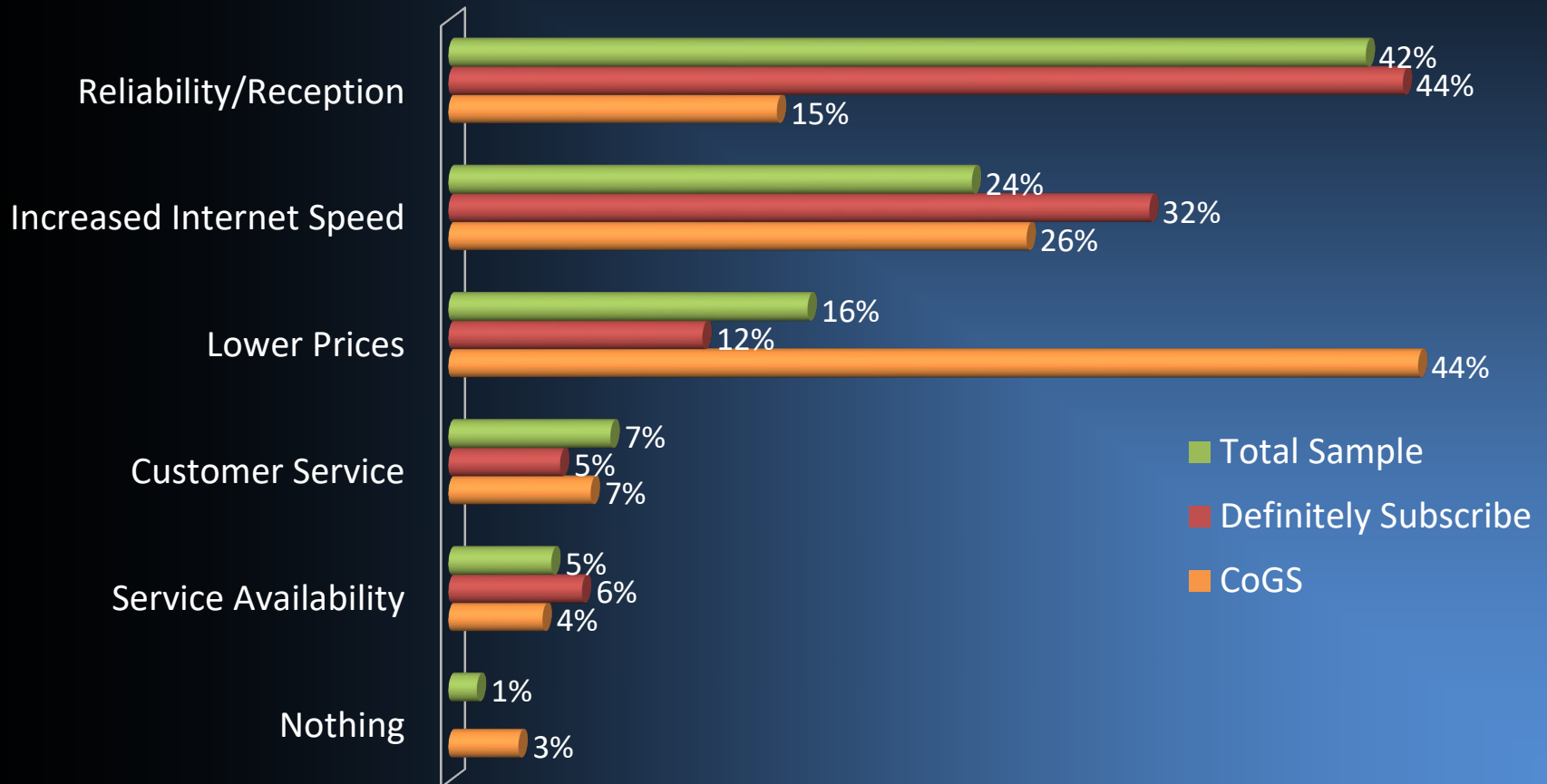
<i>Ohio (3)</i>	<i>Washington</i>	<i>North Carolina</i>	<i>Oregon (2)</i>
<i>Iowa</i>	<i>Wisconsin</i>	<i>Kansas (2)</i>	<i>Alabama</i>
<i>Georgia</i>	<i>Oklahoma (2)</i>	<i>New York</i>	<i>Arkansas</i>
<i>Tennessee (4)</i>	<i>Michigan</i>	<i>Kentucky</i>	<i>Colorado (8)</i>

Satisfaction Rating by Service/Service Provider
(Mean Rating on a 1 to 10 Scale)



Eagle residents see Internet reliability as the most important dimension for improving their broadband, followed by Internet speed...

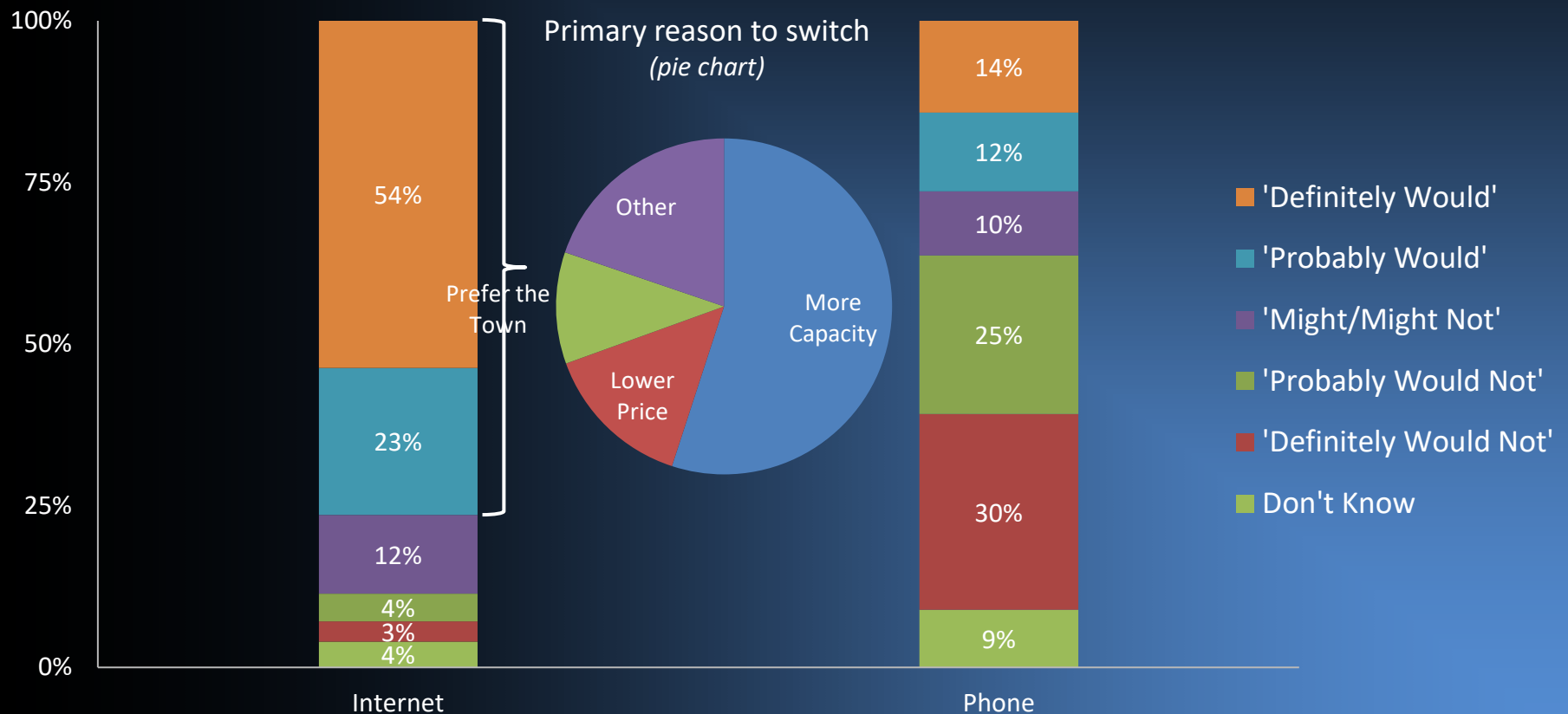
Q34: "What would you like to see most improved from your current broadband services?"



- 77% of respondents indicated they would definitely or probably switch their Internet service to a fiber system installed by the Town. Uptown forecasts a 46% take rate for residential Internet...

Q24/Q27: Stated purchase intent for:

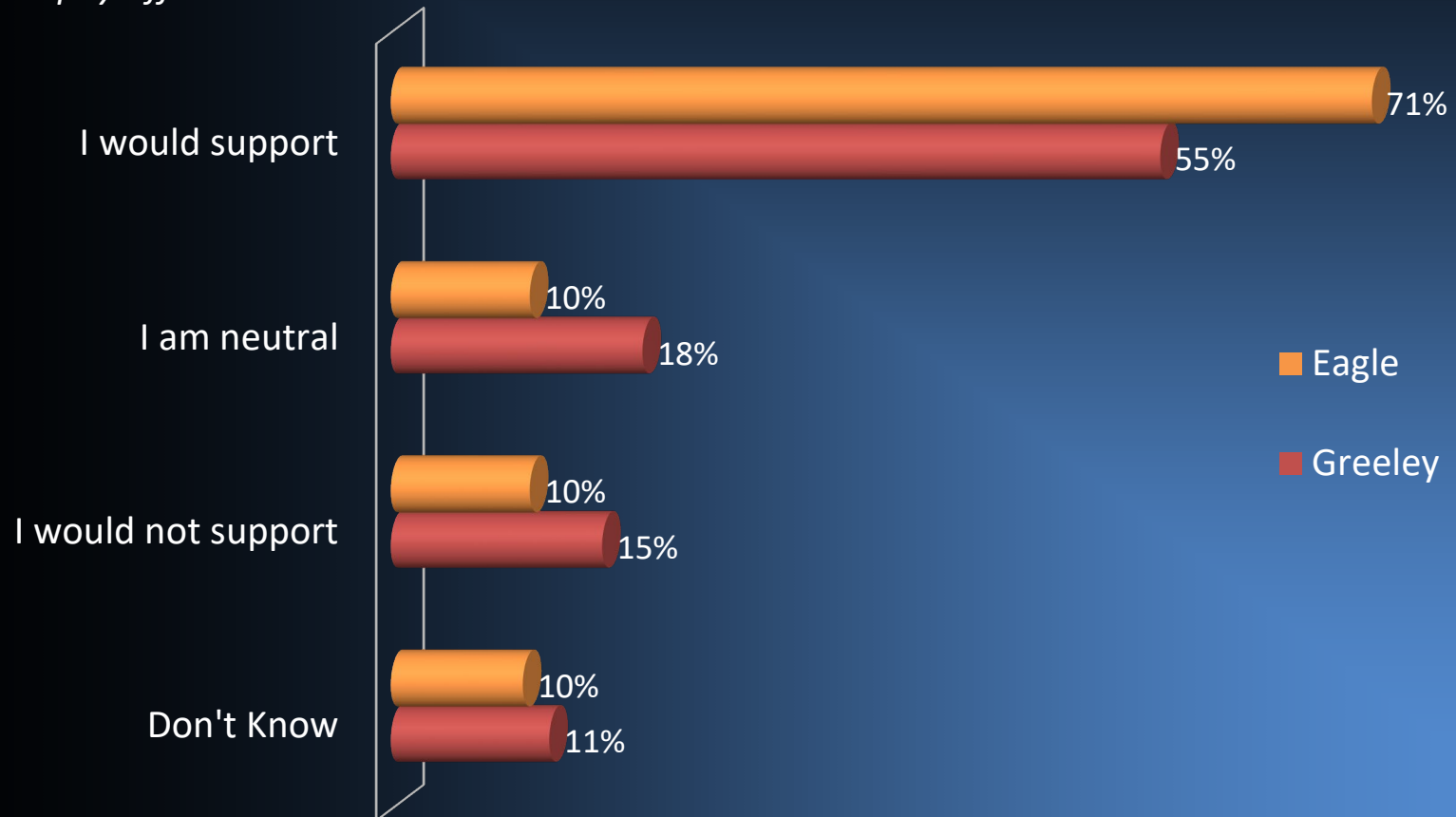
- Internet at \$70/mo. for 1Gbps
- Voice at 10% Less than CenturyLink



REVENUE BOND SUPPORT

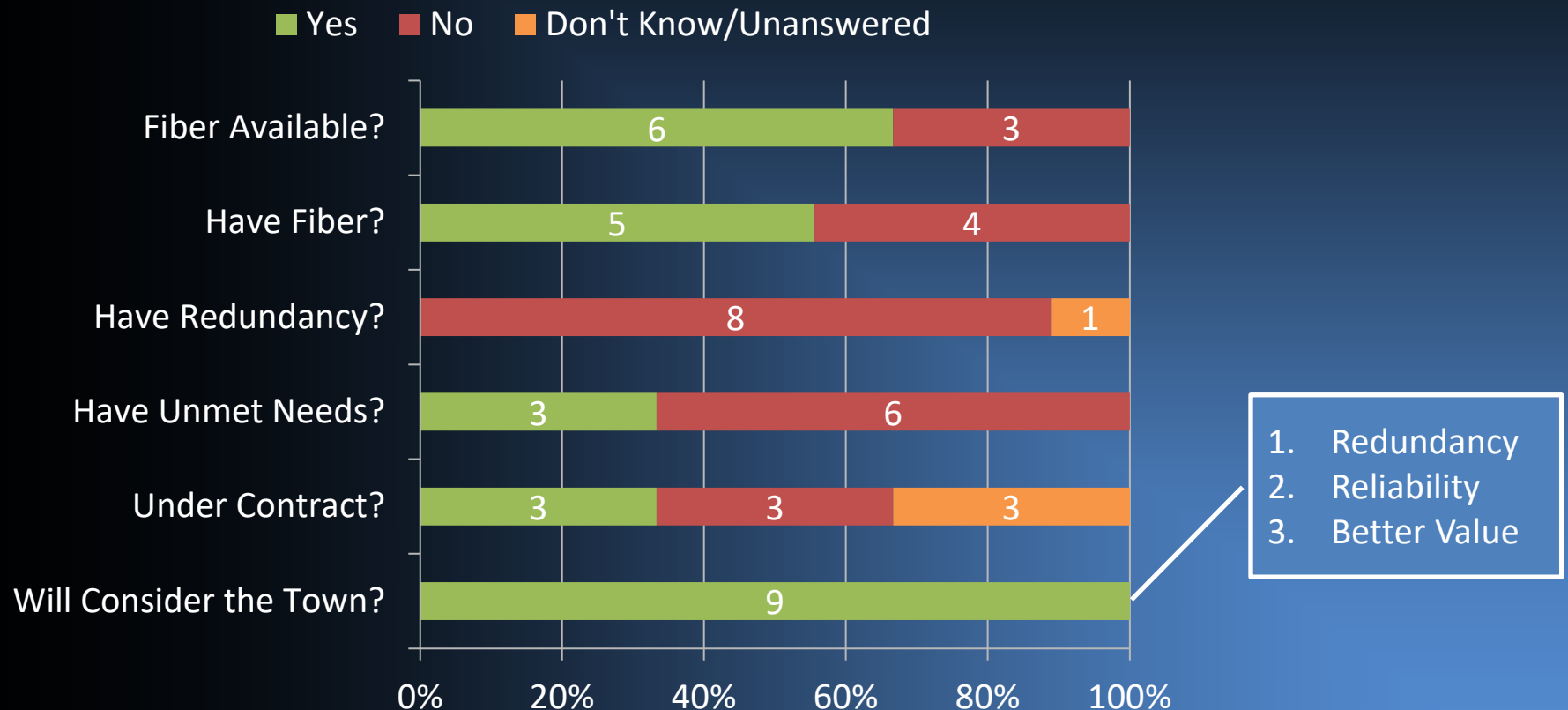
7 out of 10 Eagle households support the issuance of a revenue bond to help fund the new fiber network...

Q35: "Without raising taxes, would you support the Town of Eagle issuing a Revenue Bond to fund the construction of the fiber network, if the service subscription revenues were used to pay off the bond?"



FIBER IS AVAILABLE BUT WILLING TO SWITCH

While there is only one wireline provider for the commercial segment, CenturyLink has deployed fiber to some business locations. Advanced data needs are being met for most, but all participants would consider the Town as a provider option...



PRICING FRAMEWORK: TRANSPORT TO DENVER

Transport Only to 910Telecom (Denver)	MRC – 1 Year Term ²	MRC – 3 Year Term ^{1,2}	Restrictions
500M ³	Private: \$550 (\$1.10/Mbps) Public: \$525 (\$1.05/Mbps)	Private: \$500 (\$1.00/Mbps) Public: \$475 (\$.95/Mbps)	Subject to capacity availability as determined by the Town
1G ³	Private: \$1,000 (\$1.00/Mbps) Public: \$950 (\$.95/Mbps)	Private: \$900 (\$.90/Mbps) Public: \$850 (\$.85/Mbps)	
5G ³	Private: \$4,500 (\$.90/Mbps) Public: \$4,250 (\$.85/Mbps)	Private: \$4,000 (\$.80/Mbps) Public: \$3,750 (\$.75/Mbps)	
10G ³	Private: \$8,000 (\$.80/Mbps) Public: \$7,500 (\$.75/Mbps)	Private: \$7,000 (\$.70/Mbps) Public: \$6,500 (\$.65/Mbps)	
Additional Port MRC after 2	\$500 ea.	\$500 ea.	

¹ Maximum lease term. ² Public sector discounts are applicable to non-private sector leasing entities. ³ Transport capacity is shared

PROPOSED RESIDENTIAL INTERNET PRICING

Internet Tier Download / Upload	Monthly Price	ONT Model(s) / Cost	Static IP Address
1G / 1G	\$70	Standard: 803G (\$112) Wireless: 844G (\$199)	N/A
2G / 2G	\$100	Wireless: GP1000X & 844E (\$385)	\$10
4G / 4G	\$150		
WiFi ONT Upgrade (80211.ac)	Add \$10	See above	N/A
Wireless Extender	No fee	804 (\$74) <i>End user one-time purchase</i>	

ONT models reflect Calix as budgetary reference.

OPERATING PARTNER: GLENWOOD SPRINGS

- ◆ Functions provided by Operating Partner (requires common electronics and software platform)
 - ◆ Customer care
 - ◆ Help desk
 - ◆ Fiber maintenance/outage response
 - ◆ Network management/administration

- ◆ Town staff positions impacted (8.5 FTE → 4.5)
 - ◆ Customer Service Reps: 1
 - ◆ Technical Service Reps: 1
 - ◆ Data Technician: 1
 - ◆ Outside Plant Maintenance Technician: 1
 - ◆ Town requires 4 FTE: System GM, Account Rep, Customer Service Liaison, Service Technician, and Install Technician (in Year 4)

- ◆ Financial Terms
 - ◆ Connected Premise Fee: \$10/month paid to Glenwood Springs
 - ◆ Fee applies to each business or residential connection
 - ◆ Fees amount to about \$200k annually by Year 5

INCREMENTAL BROADBAND FTE REQUIRED

The total FTE requirement levels at 8 in Year 4. Under the Operating Partner model, this is reduced to 4 FTE by moving the shaded functions to the operating partner...

Position Title	Salary* (unloaded)	Year1	Year2	Year3	Year4	Year5
System GM** (<i>Grade 8 Max</i>)	\$115,000	0.5	0.5	0.5	0.5	0.5
Comm./MDU Account Manager (<i>Grade 5 Mid</i>)	\$67,000	0.5	1.0	1.0	1.0	1.0
Data Technician (<i>Grade 6 Mid</i>)	\$75,000	0.5	1.0	1.0	1.0	1.0
Customer Service Liaison (<i>Grade 5 Min</i>)	\$54,000	0.5	1.0	1.0	1.0	1.0
CSRs (<i>Grade 5 Min</i>)	\$54,000	-	1.0	1.0	1.0	1.0
TSRs (<i>Grade 4 Mid</i>)	\$65,000	-	1.0	1.0	1.0	1.0
Install Techs (<i>Grade 5 Min</i>)	\$54,000	-	-	-	1.0	1.0
Maintenance Techs (<i>Grade 4 Mid</i>)	\$64,000	-	1.0	1.0	1.0	1.0
Service Techs (<i>Grade 5 Min</i>)	\$54,000	-	1.0	1.0	1.0	1.0
Total Headcount w/ & w/o CoGS as Partner		2.0	3.5 / 7.5	3.5 / 7.5	4.5 / 8.5	4.5 / 8.5

*Town of Eagle 2020 approved hiring range data

**Position shared between Broadband and IT departments.

SUMMARY FINANCIAL METRICS

Input/Outcome	Dec. 2019 Report	Sept. 2020 Update
Annual GF Contribution	\$50k (Years 1-10)	
HCE Franchise Fee of 1%	\$60k (Year 1)	\$44k (Year 1)
Long Term Bond Amount	\$9.1M	
Long Term Bond Interest Rate	4.0%	2.9%
Working Capital Loan	\$1.0M	
Town Equity	\$0.5M	
Total Funding	\$10.5M	
Net Cash – Year 20	\$2.3M	\$2.7M
Project Break Even	18 Years	17 Years

Financing
Troy Bernberg & Jill Kane

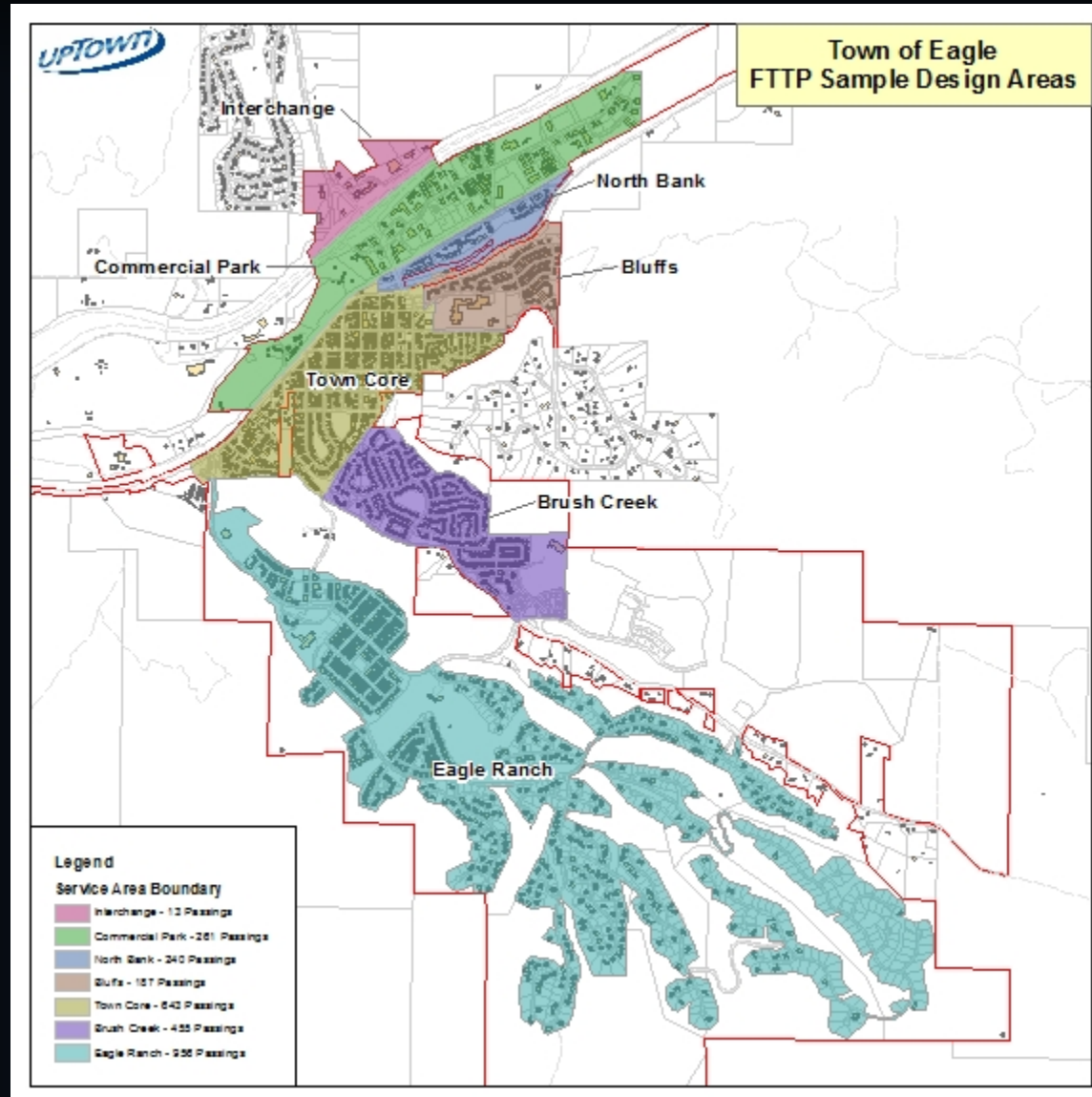
CURRENT FIBER-BASED PROJECTS

- ◆ Moving Thor Meet Me Center (MMC) from Town Hall to Public Works (PW) facility
 - ◆ Placing shelter at PW facility will provide improved reliability and room to grow
 - ◆ DOLA grant secured to fund new shelter and fiber to connect to CDOT network on Eby Creek
 - ◆ New fiber route from Eby Creek roundabout to PW being built by Visionary Networks
 - ◆ Visionary to transfer fiber system to the Town after construction is complete
- ◆ Fiber service to new Verizon tower
 - ◆ Visionary to provide high capacity service to new Verizon tower east of Town
 - ◆ Eagle to provide backhaul services via Thor from new MMC at PW
 - ◆ Holy Cross pole lines will be used to construct fiber east of MMC
- ◆ Fiber services to Eagle County
 - ◆ Left over DOLA grant funds to be used to extend fiber from Town Hall to Eagle County building
 - ◆ Holy Cross is evaluating the Town's request to attach to poles in the alley east of Capitol
 - ◆ Opportunity exists to coordinate with some road work along the route
 - ◆ Fiber line will be designed to serve as backbone for serving downtown core in the future
- ◆ Ongoing joint trench opportunities pending passage of Joint Trench Ordinance (Dennis)
 - ◆ Ongoing Comcast buildout
 - ◆ Management tools for managing right-of-way
 - ◆ Ad hoc projects passing through the permitting process

- ◆ Holy Cross Electric is developing a comprehensive fiber plan
 - ◆ Need to support internal operations with state-of-the-art fiber-based technology
 - ◆ The internal network will be owned and managed by HCE
 - ◆ HCE has determined not to offer broadband services at this time
 - ◆ HCE will support the broadband needs of members through the support of local fiber providers
- ◆ Joint planning is underway
 - ◆ Town staff is working with HCE staff to partner wherever possible
 - ◆ HCE is sharing the cost of the aerial run to PW
 - ◆ HCE and Eagle are also in sync on future needs and opportunities for partnership
- ◆ Next steps
 - ◆ Convert piecemeal approach into comprehensive process for building out the Town
 - ◆ Will require the establishment of a formal project to attach to most of HCE poles
 - ◆ Will involve significant design, management and administrative resources to succeed

- ◆ Financing – Estimated 60 days
- ◆ System Design – Estimated 120 days
 - ◆ Determine service area prioritization
 - ◆ Finalize primary backbone and feeder routes
 - ◆ Finalize pole attachment process
 - ◆ Complete all related system design steps (survey, engineering, plans and specifications)
- ◆ Construction Firm Selection – Estimated 90 days
 - ◆ Issue construction bid based on final system design (aerial and underground)
 - ◆ Process timing to support the start of construction in the spring season
- ◆ General Implementation Tasks – Ongoing
 - ◆ Issuing other remaining bids and RFPs for materials, equipment, systems and services
 - ◆ Staffing for Town resources
 - ◆ Operationalizing partnership with Glenwood Springs
 - ◆ Managing pole attachment process with HCE

PROPOSED BUILD AREAS



- ◆ System Construction
 - ◆ System should take two seasons to build
 - ◆ Aerial would be completed in Year 1, with remaining underground being completed in Year 2
- ◆ Service Area Prioritization
 - ◆ #1 – Commercial Park (Chambers)
 - ◆ #2 – North Bank (Nogal)
 - ◆ #3 - Downtown Core (aerial and underground)
 - ◆ #4 – Bluffs
 - ◆ #5 – Brush Creek
 - ◆ #6 – Eagle Ranch
 - ◆ #7 – Interchange (North of I-70)
- ◆ Service Introduction
 - ◆ Ongoing middle mile service turn up starting now
 - ◆ Last mile services typically 6-12 months from project kickoff
- ◆ Critical Path?
 - ◆ System design
 - ◆ Construction firm selection

Project Area	2021 Milestone
Vendor Selection	• Construction Firm • Voice Provider • Install Contractor
Staffing	• General Manager • Commercial/MDU Account Rep • Customer Service Liaison
Construction	Starts 2Q21
Operations	Integration with Glenwood Springs • Systems • Processes
MDU Properties	Start procuring access agreements
Service Launch	Fall 2021
Community Outreach	• Direct Marketing • Informational Campaign



To: Brandy Reitter, Town of Eagle

From: Troy Bernberg, Northland Securities

CC: Town Council, Town of Eagle

Date: September 1, 2020

Re: Broadband Financing – History, Considerations & Proposal
(accompanies Dinsmore & Shohl memo)

The exploration of broadband financing options began in late February 2020 when conversations with bond attorneys initially began and a plan to engage community banks was formulated. Those meetings were originally scheduled to be in person for the week of March 16. Following the Town’s initial response to the pandemic, we rescheduled these meetings, via Zoom, in May. Given the start-up nature of a broadband enterprise a face-to-face interaction was an important element in identifying the ideal bank/lending partner. Uptown presented in each meeting about the feasibility; Town administration also presented on the background and vision for broadband as well as the Town’s financial standing.

Initial Financing Proposal to Banks.

Issuer	Town of Eagle Broadband Activity Enterprise	Recognizing a broadband enterprise is yet to be formed, as well as the restraints of TABOR, the Town’s financial strength legitimized the initial financing proposal (left) provided to banks:
Issue	Broadband Revenue Bonds, Series 2020	
Project Amount	\$9,100,000	
Interest Rate	Fixed interest rate for longest term available.	
Interest	Interest only during construction - interest will be capitalized during that time. Interest will be paid semi-annually.	These are key provisions to the financing that details repayment of the proposed broadband revenue bond. The security features/provisions are detailed below.
Amortization	17 years following construction period. Mortgage-style (level annual debt service payments).	
Security	Pledge of broadband revenues. Moral obligation from Town of Eagle. Debt Service Reserve (DSR) - funded at closing.	
Covenants	Rate covenant - debt service coverage (DSC), attested annually. Additional indebtedness - DSC on all parity debt.	

A rate covenant is very common to a water/sewer/utility revenue bonds – if revenues are not a certain percentage over the amount of debt service paid that year, the rates charged to customers must be increased to meet that percentage requirement. For example, a 1.15 debt service coverage (or 115%) requirement means on a \$100,000 annual debt service payment, revenues available for debt service must be at least \$115,000. A DSC for additional indebtedness is a similar test that must be met for additional bonds to be issued with the same repayment and security.

For the reasons outlined below two additional security features – a moral obligation and debt service reserve – were presented as part of the financing. With the Town’s credit rating and financial standing, these provisions are intended to “enhance” the financing thereby lowering the interest rate. Three of the banks – the more active municipal lenders – understood their value.

A debt service reserve – like the one funded for the 2016 sales tax revenue bond – is a rainy-day fund, a common feature that serves as a liquid and immediate backstop to any broadband revenue shortfalls. Moreover, a moral obligation is a promise to consider funding any shortfalls in construction funding or in broadband revenues from Town resources.

Over sixteen banks were initially reached out to for their interest. Five banks were interviewed via Zoom and one other was solicited without a presentation. The disparity in interested lenders is clearly impacted by the pandemic, but the six lenders that explored the opportunity further are a good mix of local, regional and national banks with specific public finance lending experience and expertise.

Three of the lenders, who I would characterize as sophisticated public finance lenders, each expressed the financing was properly “structured” as presented. Moreover, amongst all six banks, the Town’s creditworthiness was never in question. This feedback provides some consolation yet was not enough for any bank to approve the transaction as presented. The reasoning is outlined below.

It’s important to point out the history of municipal broadband nationally is one of lessons learned. There are high-profile failures or “boondoggles” in the last twenty years pundits will reference. Thankfully, these lessons learned have improved the viability of municipal broadband more recently. Additionally, the Town is seeking funding at a time there’s momentum from recent Colorado municipal broadband projects that have exceeded initial projections, mostly in the face of corporate competition.

However, there is a substantive distinction to the Front Range projects as well as that of Glenwood Springs - there was an existing electric utility enterprise, who’s authority was expanded to include in broadband. This provides an additional repayment source – from electric system revenues – to backstop any deficiencies in broadband revenues.

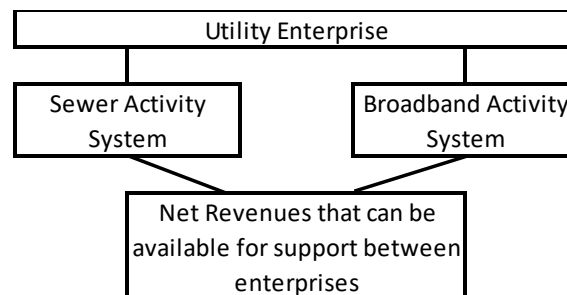
So, when the banks were presented with a broadband only revenue bond – the first of its kind to my knowledge - the “speculative” nature of the project was consistently pointed out. There are plenty of merits to challenge this characterization; however, the factors listed below give this interpretation context:

- As a new enterprise, there is no history of revenues or fund balance to measure performance.
- Broadband is not generally or historically considered an essential service. Access to strong and consistent internet service is more necessary, and in demand, now than ever, but it doesn’t change the nature of the financing in the bank’s view.
- Broadband is not thought of as a municipal business, which leads to questions of operational effectiveness overall and in the face of large-scale competition. Unfortunately, the demand metrics, even with corporate competition, and the strategic partnership with Glenwood Springs didn’t sway this sentiment.

The bullet points above were noted as part of the reasoning for a decision, but the pandemic’s impact on lending for such projects cannot be discounted. It clearly limited the audience of banks, and even those that seriously considered the transaction conceded there was an increased likelihood the financing would have been approved pre-COVID-19.

In interest of achieving the lowest cost of financing, the feedback from the initial round of bank discussions led to the exploration of how to provide additional security to the broadband revenues. After extensive legal due diligence, it’s been determined the Town may adopt an ordinance effectively expanding an existing enterprise (likely sewer) to include the proposed broadband system under a (combined) utility enterprise fund.

Only the net revenues and fund balance generated after the expanded utility enterprise is formed are available to support the broadband enterprise. Net revenues are those remaining after annual expenditures and existing debt service are paid in each individual enterprise fund (illustrated below).



An expanded utility enterprise provides the structure and security banks are seeking and more importantly, it’s expected to keep the interest rate for the broadband revenue bond between 2-4%. This interest rate range is ideal to execute Uptown’s proforma analysis.

The (combined) utility enterprise concept has been shared with banks on an exploratory basis to confirm it meets their credit standards and ensure any resulting proposals align with the Town’s needs.

If the financing is pursued as explained above, funding can occur as quickly as the appropriate ordinances are approved and a bank partner is selected. An anticipated timeline is provided for review and consideration on the following page.

September 2020							October 2020							November 2020							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
	31	1	2	3	4	5						1	2	3	1	2	3	4	5	6	7
6	7	8	9	10	11	12	4	5	6	7	8	9	10	8	9	10	11	12	13	14	
13	14	15	16	17	18	19	11	12	13	14	15	16	17	15	16	17	18	19	20	21	
20	21	22	23	24	25	26	18	19	20	21	22	23	24	22	23	24	25	26	27	28	
27	28	29	30				25	26	27	28	29	30	31	29	30						
Regular Meetings							Worksession							Holiday							
														Election Day							

Week of August 31

Up to 5-6 banks are expected to participate under the proposed financing as outlined above and we are providing additional information to them, as requested, in their preparations for final credit approval.

Three ordinances will begin to be drafted for the Council's consideration which are described further below.

Week of September 8 (9/7 is Labor Day) | Town Council Regular Meeting

A reimbursement resolution will be the first action presented for Council's consideration. It provides for certain costs related to construction of the broadband project, expended from Town funds prior to debt issuance, to be reimbursed from the financing. This is the shortest of the documents and does not set a requirement for reimbursement but provides the option.

Banks will be asked to proceed with final credit approval (up to 2 weeks).

Drafting legal documentation continues for review and approval of Town staff including Town attorney.

Week of September 21 | Town Council Regular Meeting

An ordinance forming a (combined) utility enterprise will be presented to Town Council for initial review and consideration. Within the utility enterprise there are separate functioning broadband and wastewater activity funds.

An ordinance authorizing the issuance of utility enterprise obligations will be presented to Town Council for initial review and discussion. In order to establish the flexibility that allows net revenues of the sewer fund to support broadband, the two existing CWRPDA loans will be refinanced under the utility enterprise.

Bank proposals are received and reviewed. Preliminary analysis is run to ensure efficacy with Uptown's proforma.

Week of October 13 | Town Council Regular Meeting

The two ordinances first introduced at the September 21st Town Council regular meeting are presented for final consideration and adoption.

A summary of bank proposals and a recommended selection are presented for approval.

Week of November 2

Targeted for closing and funding. This could occur in October with some adjustment to the action items noted.

Legal Outline of Proposal

Utilizing an Expanded Utility Enterprise

Prepared by Dinsmore & Shohl LLP

The Town of Eagle, Colorado (the “**Town**”) has proposed owning and operating a Broadband System for the Town’s residents on a fee-for-use basis, and has further proposed that such broadband system be owned and operated through a TABOR enterprise. A TABOR enterprise is essentially a business that is “owned” and operated by the Town. Owning and operating the Broadband System through a TABOR enterprise would allow the Town, acting through the TABOR enterprise, to issue revenue bonds to fund the construction of the Broadband System. Under this structure, the net revenues generated from the Broadband System would be used to secure and pay the debt service on the revenue bonds issued to build out the Broadband System.

As discussed by Mr. Bernberg, Northland Public Finance, the placement agent/investment banker engaged by the Town to assist with issuance of debt to fund construction of the Broadband System, establishing the Broadband System as part of a more general utility enterprise has benefits.

The Town has also established its TABOR Wastewater Enterprise (the “**Wastewater Enterprise**”). The Wastewater Enterprise was formed and exists to operate the Town’s Wastewater System, and the Town’s Council is the governing body of the Wastewater Enterprise.

To achieve the benefits of a more general utility enterprise, it is proposed that the Wastewater Enterprise be modified, expanding its authority, as a more general utility enterprise that would include the Wastewater and Broadband Systems.

As modified and expanded, the Utility Enterprise would exist to own and operate multiple utilities offered to the Town’s citizens, to include wastewater and broadband activities, but could include other utility businesses, such as, by way of example, electric. In accordance with TABOR, the Utility Enterprise could issue revenue bonds secured by and paid from net revenues earned by the Utility Enterprise.

Upon modification and expansion, we would draw a line in time such that all revenues and monies received by the Wastewater Enterprise prior to that time, and all reserves held at such time by the Wastewater Enterprise, would continue to be dedicated solely to, and could be used only for, the ongoing ownership and operation of the Wastewater System.

On a go-forward basis, fees within the Utility Enterprise would generally be applied to the ownership and use of the applicable system. I.e., Wastewater System revenues would be applied to the ownership and operation of the Wastewater System, while revenues from the Broadband System would be applied to the ownership and operation of the Broadband System. However, revenues, if any, from a particular system, after payment of operation and maintenance expenses, reserving for capital expenditures, etc., within a particular system, would be available for all utility activities within the Enterprise.

Notably, the purpose of this approach would not be to charge extra for the Wastewater System in order to fund a Broadband System, or vice versa. Rather, fees charged would need to be set on the same basis as currently established (i.e., fees charged for the Wastewater System would need to be based on a determination by the Town’s council as to the reasonable amount necessary to sustainably operate the Wastewater System and fees charged for the Broadband System would need to be based on a determination by the Town’s council as to the reasonable amount necessary to sustainably operate the Broadband System).