

**MINUTES OF THE SPECIAL WORKSHOP MEETING
OF THE LADY LAKE TOWN COMMISSION
LADY LAKE, FLORIDA
May 2, 2016**

The Special Workshop Meeting of the Lady Lake Town Commission was held in the Commission Chambers at Lady Lake Town Hall, 409 Fennell Blvd., Lady Lake, Florida with Mayor Ruth Kussard presiding. The meeting convened at 4:30 p.m.

1. CALL TO ORDER

- 2. ROLL CALL:** Tony Holden, Commissioner Ward 2
Dan Vincent, Commissioner Ward 3
Paul Hannan, Commissioner Ward 4
Jim Richards, Commissioner Ward 5
Ruth Kussard, Mayor/Commissioner Ward 1

STAFF MEMBERS PRESENT: Kris Kollgaard, Town Manager John Pearl, I.T. Director; C.T. Eagle, Public Works Director; Pam Winegardner, Finance Director; and Nancy Slaton, Deputy Town Clerk

3. Discussion/Consideration of a Fiber Wide Area Network (FiberWAN) (John Pearl)

I.T. Director John Pearl began by stating that he is not suggesting that this concept is certain to be the right way forward for the Town. He stated the desired outcome of this workshop is to answer or promise to answer any questions asked by the Commission, and to receive a decision on whether to bring a strategic broadband plan proposal (by Magellan) before a future Commission meeting.

Mr. Pearl stated his outline of important points for discussion at this workshop include the benefits of a FiberWAN, an incremental approach to municipal fiber network construction, avoiding debt to finance, and municipal broadband design and technical plan deliverables. He began by reviewing the benefits:

1. Expanded innovation opportunities, providing positive economic and social impact to the local economy.

Mayor Kussard asked whether the SCADA system that is in place now will utilize this, and if it will only be available right now to Town properties, not commercial areas or residents. She asked if there are problems with the current SCADA system.

Mr. Pearl replied that the concept is to replace the current RF (radio frequency) SCADA system with a fiber system. He stated there are no current problems, but this ties into his second point:

2. Improved connectivity, capability, reliability and security of current Town-wide area and SCADA networks. An estimated 20 to 40% improvement in SCADA network reliability and significant improvements in Town Hall WAN performance, ability to reduce and simplify current configuration. Improved reliability and capability of the current Town-wide area and SCADA networks.

Mr. Pearl noted that he is not stating that this alone justifies the expense, although there would be improvements as it would not be subject to atmospheric issues such as lighting, sun spots, etc.

Town Manager Kris Kollgaard clarified that this network is not replacing the current SCADA system.

Mr. Pearl explained that the current SCADA system gives the ability to control and read the telemetry data coming from the Town's water and wastewater plants, and lift stations; giving real time data and allowing staff to monitor the conditions at these facilities. He stated the current system is adequate and uses the Town's area-wide network.

Mayor Kussard asked if the Town were to proceed with laying the fiber optics, would it also need to hook up with an internet provider at an additional cost.

Mr. Pearl replied that there would be phases and an initial phase of the proposal is a municipal WAN, which would serve to connect all of the Town's facilities and SCADA, allowing the Town to reduce the amount of commercial services it currently contracts with as well as additional benefits. He stated it would be municipal internet connection only (a dark fiber deployment), with no ability to sell internet services to others.

Mayor Kussard asked if the Town would have this right away if it put the fiber in the ground.

Mr. Pearl replied that if the proposal was done by Magellan, it would outline the segments that the Town does not currently have. He stated he anticipates that it would follow all the water infrastructure as closely as possible to avoid additional expense. He stated the reason this came forth at this time is the anticipation of the upcoming major road projects which would allow cost saving opportunities if the Town chooses to do so.

Mayor Kussard stated that the proposed widening of US Hwy 27/441 is not scheduled until 2019. She asked how it would work if the proposal is to take five years to pay for the project if it is done, since the widening is proposed in three years.

Ms. Kollgaard asked if the five years is for phase one or all the phases.

Mr. Pearl replied that the proposal is five years for phase one. He stated there are two philosophies for building a FiberWAN; pay for it all at once and build it, or be patient and build as you can afford it with the long view in mind.

Mayor Kussard asked about the estimated costs of this project, and Mr. Pearl reviewed the costs and scenarios of the phases.

Mayor Kussard stated that Leesburg sells its FiberWAN internet services to customers and it is very expensive.

Commissioner Hannan commented that it would probably be more expensive for the Town to do it as Leesburg owns their own utility.

Mr. Pearl stated it is the opinion of many of his peers that Leesburg is overpriced because they have no competition for their services. He stated he received a quote for a 20-year lease

for a dark fiber pairing between public works and Town Hall at \$262,000, and it was already in the ground.

Commissioner Vincent stated he would like to see the Town put the conduit down at the very least, if not to include the fiber in the ground, to take advantage of the digging during the road widening. He stated the rents for the fiber is very high and new development may take advantage of this, such as a big medical facility.

Mr. Pearl commented that Leesburg has 185 miles of fiber in the ground and they have a lot of operational costs, which may be why it is so expensive. He stated it is an expensive concept, but the Town's deployment would be very compact and operational costs would be much less.

Ms. Kollgaard clarified that the Town would not be able to resell services until phase two.

Mr. Pearl stated that the cost savings between putting in a 12 strand fiber and a 288 strand fiber is \$2.50/ft. He stated this is why most suggest overbuilding at this negligible cost.

Ms. Kollgaard asked if there is a cost estimate for phase two.

Mr. Pearl replied that he does not have one, although he could review plans of other municipalities who have entered into phase two to try and see where there might be a conceptual overlap. He stated he does not know what phase two would look like as it is speculative at this time, and this proposal is in anticipation of growth and diversification.

Mayor Kussard stated that everyone seems to be using wireless (WiFi), and asked if it will continue.

Mr. Pearl replied that WiFi speeds are increasing and he sees it as a complimentary piece to a broadband network with anticipated growth in wireless technology needing fast bandwidth.

Commissioner Richards stated that he would like to see more of the business plan of the Leesburg model since they have been in business 13 years with their FiberWAN network. He stated he likes to pay as you go and does not like to speculate more than a little bit.

Commissioner Hannan stated his biggest concern is putting all this money out without knowing when there will be payback - perhaps five to fifteen years later, and whether the Town would borrow it or use what is available. He stated the Town is currently in good financial shape, and the RF network is working fine.

Mayor Kussard stated the Town would not borrow money for this, but would phase it over five years if the plan were approved.

Mr. Pearl stated the current system is adequate for current technology, but the Town does not have adequate infrastructure for things such as video surveillance systems.

Dan Bard, audience member, asked how much phase one will cost.

Mayor Kussard replied that the estimated cost for conduit alone would be \$497,984.19, or \$99,596.84 per year split over five years. If the Town chose to install conduit and fiber, the

estimated cost is \$896,371.55, or \$179,274.51 per year over five years; with the other option coming in at just under \$2,000,000.

Mr. Pearl stated that was the estimated costs if infrastructure is in place and it would have to be dug under, after the road was completed.

Commissioner Vincent stated he feels the Town should take advantage of the road widening and should not let this opportunity go by.

Commissioner Richards stated he would like to see a cost benefit analysis before making a decision.

Commissioner Hannan asked if there is a possibility of having a commercial business like Brighthouse or Comcast pay for this as it would benefit them as much as the Town. He asked if some sales could be made with phase one.

Mr. Pearl replied that he can ask.

Commissioner Richards stated there may be a possibility for partnering with someone along with a guaranteed contract, and they could sell off the rest.

Ms. Kollgaard stated they would almost have to partner for the whole project, as no one would partner without sales being involved.

Mayor Kussard commented that the Town is almost debt free at this time and she would not approve any type of loan for this project.

Commissioner Richards stated there would be some paybacks in phase one in avoided costs such as the \$20,000 a year for internet and phone services. He stated there appears there would be some improved efficiency for SCADA as well.

Public Works Director C.T. Eagle commented that the SCADA system is adequate and stable for the most part, except when atmospheric conditions interfere. He stated that if the equipment gets zapped, it could cost anywhere from \$50 to \$2,000. He stated that Public Works staff love redundancy and many municipalities across the county have utilized fiber connecting the SCADA system telemetry, and he would like to see it as well. He mentioned that the utility portion only could be impact fee eligible. Mr. Eagle stated that increased bandwidth with fiber optics would be good, and would be necessary to tie in security systems, etc.

Commissioner Hannan commented that the Town would be creating another utility if they started selling it.

Mr. Pearl stated there are at least 20 accepted business models for how to do this.

Commissioner Hannan asked if this worked out well with a commercial partner, would the rates likely be raised.

Mr. Pearl replied that when the business models go live, the rates of commercial vendors normally drop to be competitive. He stated this has bankrupted some municipalities who

speculated on elaborate payback, with Dunnellon being an example. He stated if the Town decided to build a municipal WAN, and overbuilt it, it would position the Town to begin entertaining potential business models in five years. Mr. Pearl stated he cannot answer questions or quantify how much income can be generated, as the current top ten employers are contracted nationally.

Mayor Kussard asked Mr. Eagle how long ago the Town got the SCADA system and how much it cost.

Mr. Eagle replied that the SCADA system was installed shortly after 2008 and was expensive. He stated it would remain if this project was put in place, but would connect to FiberWAN instead of RF.

Mr. Pearl stated that if the Commission believes that bandwidth demands for the Town and community will continue an aggressive upswing, and access to fast bandwidth may be a competitive differentiator for businesses, then this project is how to address that concern; put in access to fast bandwidth infrastructure slowly over time.

Mayor Kussard stated the Town would still have to pay for internet services even if fiber optics were put in.

Mr. Pearl replied that this is not the case; several options are available. The best option is that the Town could trade fiber with the technical services group in The Villages at Hwy 466 and get across The Villages to Wildwood to a pairing location there which would allow the ability to re-sell internet at that point. Different business models would then need to be entertained, either directly as a utility, or through a third party partnership, etc. He stated Winter Haven is a good example. They have recently partnered with a third party two tier provider and have begun re-selling internet services, with \$10,000 to \$12,000 revenue being generated each month. Mr. Pearl stated this is after 12 years without debt, taking it slow. He stated Clermont has been putting conduit in the ground for eight years and took the long view as well. He stated it is his opinion that not putting conduit in the ground during road or utility projects is an opportunity lost.

Mayor Kussard asked when the Town would begin this if it was approved.

Mr. Pearl replied that his hope would be for the Town to consult with this company, Magellan, to get a professional plan done and consider the best options in the plan. He stated he is not sure how the timing with a road project would sequence best, although it would need to be worked out with the FDOT.

Ms. Kollgaard asked the cost for Magellan to complete the plan.

Mr. Pearl replied it would cost \$20,000 to have the plan done.

Commissioner Hannan asked how many businesses may consider buying broadband from the Town if this was done.

Commissioner Richards asked how many are buying from Leesburg.

Mr. Pearl replied that Leesburg has shared some information, but not their capacity. Leesburg has the school system and contributes six figures to the general fund each year. He stated Leesburg has been in the green since the second year of their project, and has some revenue from the E-Rate program for the schools and libraries which is a federal program.

Commissioner Hannan commented again that he feels only high end medical facilities would be interested in purchasing this service, but not mom and pop stores.

Mr. Pearl agreed with him on this issue, stating there is a general trend upward for bandwidth consumption for audio and video services for new stores coming in, as well as medical offices, etc. He stated this project would provide a competitive environment to drive the cost down.

Mayor Kussard stated she would like more information, especially from the Leesburg model, before making a decision if the other Commissioners agree.

Mr. Bard asked when would the Town be getting payback for the taxpayers' money spent if this was put in over a five-year plan. He mentioned that taxes might be raised.

Mr. Pearl replied that if the Town could connect during the first year, redundant costs of approximately \$20,000 per year could be saved.

Ms. Kollgaard stated that raising taxes has not been mentioned and agreed that taxpayers would most likely say no if it was put to vote. She stated that staff will do a cost analysis and will try to obtain more information regarding the Leesburg model, and another workshop will be held as a decision on this does not have to be made right away.

4. ADJOURN: There being no further discussion; the meeting was adjourned at 5:24 p.m.

Kristen Kollgaard, Town Clerk

Ruth Kussard, Mayor

Minutes transcribed by Nancy Slaton, Deputy Town Clerk