



# Murray City

## UTOPIA/Macquarie Discussion Meeting

### Welcome



# Fiber Optic Technology

- Fiber is the fastest mode of technology for internet, telephone and television transmission;
- Nothing is presently predicted to have greater application and faster method of transporting data than the speed of light that fiber optics provides.



# Utopia History In Murray

Inter-local Agreement was signed March 5, 2002 with ten (10) other cities.

## Agreement components:

- State of the art fiber optics to every home and business in communities;
- Cities combined to establish a bond to build the necessary infrastructure;
- Initial Bond amount of \$185 million;
- June 7, 2010 Utah Infrastructure Agency was created and an additional \$60 million bond was established;
- Bond Obligations are absolute and can't be eliminated or renegotiated;
- Murray City's yearly obligation is approximately \$1.6 million



# UTOPIA Shortcomings

1. Business Model has not been successful (mismanagement issues and marketing limitations);
2. State Legislature imposed restrictions.

## Results of the Shortcomings

- 11,354 subscribers within the network footprint of approximately 160,000 potential customers;
- Murray City has 2,066 residential and business customers (approximately 10% of potential customers).



# UTOPIA Possible Alternatives/Solutions

Multiple Alternatives or Solutions for UTOPIA were discussed in the 2013 Elections.

- Go dark scenario;
- Sell the network to someone else;
- Market it better to point of sustainability;
- City operated utility model;
- Stay the course for now and look for other options.



# Macquarie Capital Proposal

On December 9, 2013 a Pre-Development Agreement was signed by UTOPIA and Utah Infrastructure Agency (UIA) with Macquarie Capital.

This agreement legally bound each of the cities to proceed through the first of four milestones, each having different elements and objectives.



# Who is Macquarie??

- Global provider of banking, financial, advisory, investment and funds management;
- Based in Australia—more than 70 offices throughout the world;
- More than 14,000 employees;
- Total assets in excess of \$150 Billion.



# Macquarie Proposal – Milestone One

## Elements

1. Ubiquitous (being everywhere) build out of all 11 cities of approximately (160,000 homes and businesses within a 30-month period);
2. Last-mile connections to each address at no cost;
3. A mandatory monthly utility fee of \$18-\$20 imposed on each residential unit, \$10 for every apartment and \$40 for each business. This utility fee is to be collected by each city every month and paid to Macquarie for a period of thirty (30) years;



# Macquarie Proposal – Milestone One

## Elements

4. A yearly increase of this utility fee, based on a determiner such as the Consumer Price Index (historical yearly increase of two to three percent may be imposed);
5. Cities would have the liability to cover the cost of each rooftop regardless of whether City receives payments from all customers;
6. Basic service to each address will be **3 Mbps** of upload and download speed, with a **20GB data cap each month**;
7. Other levels of increased service would be provided at an additional cost up to **1 GB** of upload and download capabilities;



# Macquarie Proposal – Milestone One

## Elements

8. The cities are to receive a yet-to-be determined amount of upgrade fee to defer bond indebtedness;
9. Macquarie has agreed to update the current system along with an ongoing refresh of the overall infrastructure;
10. At the end of the 30-year agreement, the system would return to the cities.



# Decision Making Process Challenges

- Very complicated issue;
- Time commitment and funding implications for our citizens;
- Challenges due to the diversity of cities involved with differing perspectives:
  - Different forms of government;
  - Varying degrees of build out;
  - Various demographics and population;



# Decision Making Process Challenges

- Hundreds of hours spent by the City Council, Mayor and Administrative staff evaluating the proposal;
- A decision has not been made;
- At the June 24, 2014 City Council meeting the City Council will deliberate on this issue;
- ***Decision is whether the City should move forward and opt in to pursue future milestones prior to a final decision on the Macquarie proposal.***



## Citizen Input

City Council and Mayor need input on this issue!!

We have pursued multiple means to gain citizen input including:

- Three Focus Groups—citizen, business and employee groups;
- Online survey;
- Murray Journal notice, mailing to all citizens and businesses regarding the need for public input on this issue;
- Citizen input meeting.



# Format for Public Input

1. Meeting is being recorded and therefore only one speaker at a time;
2. Come to the designated microphone locations and provide your name and address;
3. Public input will not last longer than 1 hour. City Council wants input from citizens and business owners;
4. Three minute time limit per person (interruptions will occur if you go over the time limit) due to the limited time we have to obtain input;
5. If issues have been presented previously that you agree with—simply state that you agree with the issue (identify the issue) addressed previously;



## Format of Tonight's Meeting

6. Questions will be addressed by elected officials and staff;
7. Facilitator will assist in obtaining answers to questions in the meeting;
8. Not a debate—opportunity to express opinions—multiple views are encouraged;
9. Be courteous to other participants even if you disagree with their viewpoint;
10. Facilitator will summarize issues at end of the public comments.



# Thank You

- Website address for survey:

***[murray.utah.gov/residentsurvey](http://murray.utah.gov/residentsurvey)***

- We welcome emails or letters sent to the City on this issue;
- Opportunity to meet with Mayor Ted Eyre on Friday June 6<sup>th</sup> from 8:00 am to 12:00pm at City Hall.
- June 24<sup>th</sup> City Council meeting –6:30 p.m. at Murray City Hall.