

CITY OF BURNSVILLE
Governance Meeting
April 25, 2006

The City Council of the City of Burnsville met in a governance session at the Burnsville City Hall, 100 Civic Center Parkway, Burnsville, Minnesota the 25th day of April 2006.

The meeting was called to order by Mayor Kautz at 7:00 p.m.

The Pledge of Allegiance was preceded by a moment of silence.

Present: Daly, Kautz, Workman
Absent: Crichton, Gustafson

1. Additions to the Final Agenda.

There were no additions to the final agenda.

2. Broadband Services in Burnsville – Professional Testimony.

Tom Venables, IT Coordinator, provided a brief background and reviewed a tentative timeline of the governance process for this issue:

- Expert Testimony March – July 2006
- Public Comment August 2006
- Council Dialogue September 2006

Paul Morris, Executive Director of Utah Telecommunication Open Infrastructure Agency (UTOPIA) gave a presentation:

- UTOPIA is a governmental agency formed by 14 Utah cities (450,000 population).
 - Tasked with building a community owned Metronet for 170,000 potential subscribers.
- Formed to promote economic development and provide enhanced quality of life.
 - Advanced communication services are essential to the economic growth.
- Important questions surrounding governments role in providing broadband:
 - Essentiality of broadband to a community?
 - Even if essential, are current offerings sufficient?
 - If sufficient, what is the most appropriate role for local government?
 - From a financial perspective, what are the risks and benefits?
- Benefits to Community:
 - Multiple telecom offerings to choose from
 - Business growth
 - Enable resident to truly work from home
 - Reduced telecommunications costs
 - Excess revenue from network goes back to community
- What should a city do?
 - Evaluate needs and set goals
 - What technology satisfies goals (wireless/fiber)
 - If fiber - retail, wholesale, or hybrid
 - If wholesale – layer 2 vs. layer 3

2. Broadband Services in Burnsville – Professional Testimony (continued).

- Where is city's edge?
 - Core local government competency
 - Which promotes the best competition?
 - Facilities-based vs. service-based competition
- Ubiquitous broad band access is more likely under a different business model
 - Carrier neutral facility
 - Multiple Value Stream
 - Alternate Distribution Company
- Government can ensure economic development and promote private sector
- A principle based business model - Open Service Provider Networks:
 - Open and Wholesale – Network ownership separated from services.
 - Carrier Class – Highest levels of reliability and redundancy.
 - Open & Independent Architecture – Standards-based solution to accommodate a broad range of service providers.
 - High scalable bandwidth – Provides true broadband service.
- Fiber is the only technology that meets all of the criteria
- Sharing infrastructure facilities competition and lowers the cost for producers and consumers.
 - Open Service Provider Airports
- UTOPIA is a true public/private partnership
 - Cities will own and finance the network through UTOPIA
 - Virtually all work is contracted to the private sector.
- Financing objectives and principles
 - Is it finance-able?
 - Is it a legal structure?
 - Is it politically acceptable?
 - Minimize downside risk
 - Check points
 - Financially self-sustaining
 - Ubiquitous deployment
 - Cities are reimbursed their upfront costs
 - Cities' tax revenue backing would be used only to reduce the interest cost on UTOPIA bonds.
 - Tax revenue backs only a portion of the costs
 - Feasibility study had to be independently reviewed and verified
 - Excess revenue to be turned back to the cities.
- UTOPIA's Financial Success
 - Not a Return on Investment model
 - Using a Cost of Recovery model over 20 years
 - UTOPIA's return on investment is having a state-of-the-art carrier class network that facilitates economic development.

2. **Broadband Services in Burnsville – Professional Testimony (continued).**

- Three key factors are necessary for a communications infrastructure to fulfill goals of economic development and quality of life.
 - Bandwidth
 - Availability
 - Price
- Next generation broadband – University of Southern California
- Remote Media Immersion

Council discussed the following broadband issues:

- How proposed Barton bill and other proposed legislation may affect UTOPIA.
- Challenges with incumbents.
- The need to be globally competitive
- Future revenue from wholesale rates
- Feasibility study
- Worst case scenarios - \$6.50 per household.
- Approximately 55% buried – 45% aerial.

3. **Adjournment.**

Motion by Daly, seconded by Workman to adjourn the meeting at 8:13 p.m. Ayes – Daly, Kautz, and Workman. Nays - None. Motion carried.

Macheal Brooks, Deputy City Clerk

Approved by the City Council of the City of Burnsville this 1st day of May 2006.

Elizabeth B. Kautz, Mayor