

# Bountiful Fiber Open House

July 11, 2023

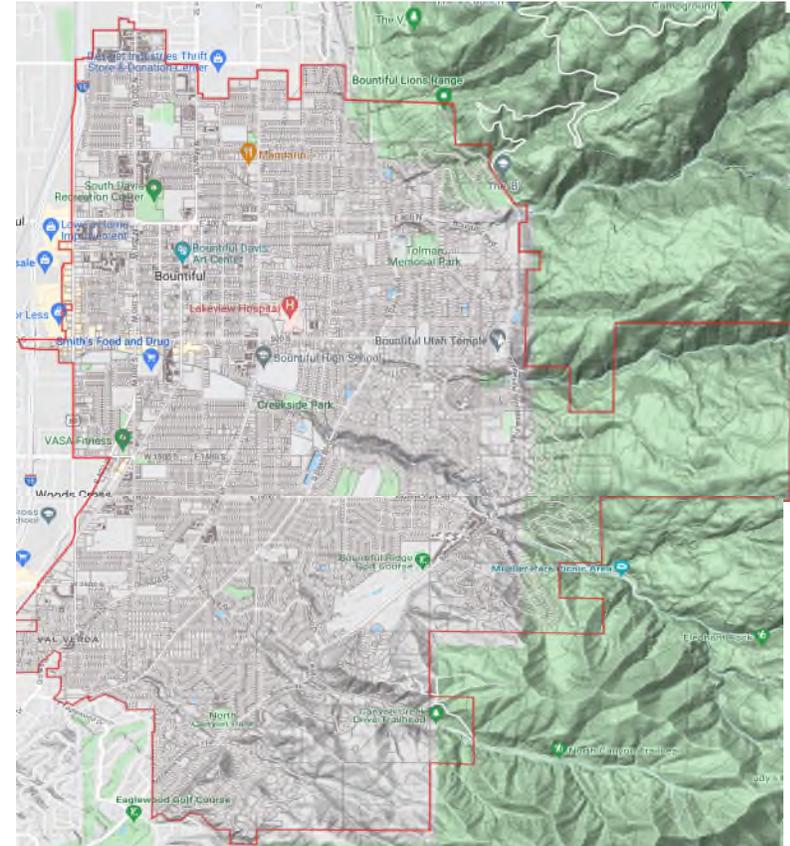
Updated for publication July 12, 2023



# Why is Bountiful City building a fiber network?

To provide every resident, in every neighborhood with a choice for high-speed fiber optic internet.

- Current providers (Comcast Xfinity and Centurylink/Lumen) provide fiber to only select neighborhoods in the city.
- Bountiful Fiber will provide an open-network to promote competition between ISPs.
- Participation is **OPTIONAL**.



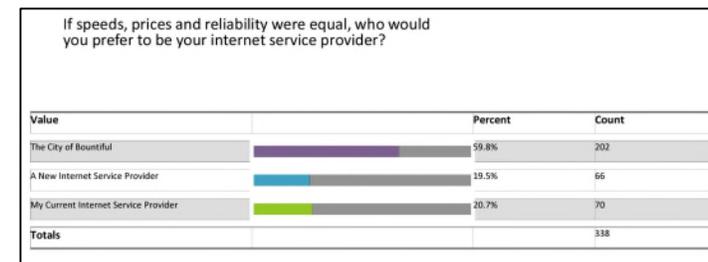
# Key Findings of the Resident Survey



## Market Research Summary Findings

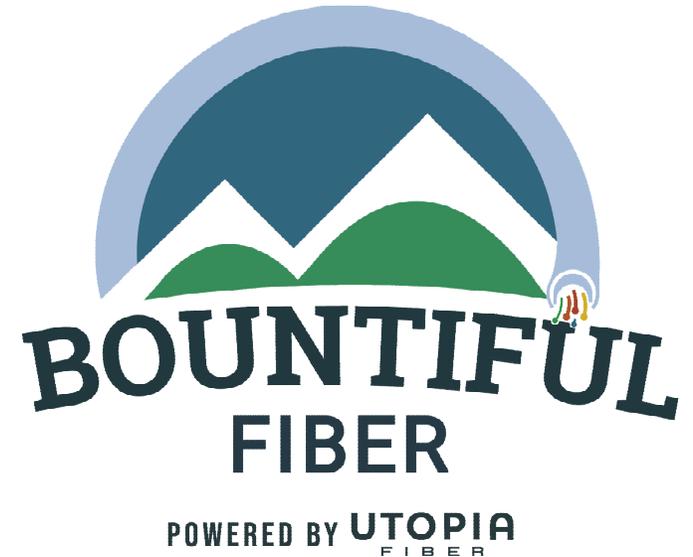
- Internet access is highly relevant and important to citizens; **speed and reliability** are the features that they value most.
- At least one third and up to one half of citizens **aren't satisfied** with current internet services and could switch to a new provider if speed, reliability, and price were superior to what they currently have today.
- 60% of citizens would **prefer a City-owned internet service**, if the City's service is price competitive, fast and reliable.
- Based on the choice-based conjoint study, approximately 43% of homes and businesses would subscribe

• *Choice-based conjoint findings yielded a 95% confidence interval and a 5% margin of error.*



# What is Bountiful Fiber?

- A fiber optic network owned by Bountiful City.
- UTOPIA Fiber will build and operate the system.
- Subscribers will be able to choose an internet service provider (ISP) and a speed between 250Mbps and 10Gbps to meet household needs.
- Voluntary – no requirement to participate.



# What did it take for the City to come to a decision?

- 3 years of discussions
- 24 public meetings
- 6-month feasibility study
- 2021 resident survey
- 2022 formal request for proposals
- 5 months of negotiations with UTOPIA Fiber

## Public meetings at which the fiber optic network were discussed:

- July 14, 2020 <https://www.bountifulutah.gov/file/09b31f8f-a9b3-42df-8602-06082f265406>
- August 25, 2020 <https://www.bountifulutah.gov/file/a6023c21-cdc4-49ac-9668-c339c9c7a269>
- January 14, 2021 <https://www.bountifulutah.gov/file/ae0d2823-6b8d-47ce-bb94-b5764159ed29>
- February 23, 2021 <https://www.bountifulutah.gov/file/ec23e41c-a18f-4037-9981-8a8586542e2b>
- March 9, 2021 <https://www.bountifulutah.gov/file/7a991b9d-64ec-4b27-b95e-edad84f9c7b8>
- June 22, 2021 <https://www.bountifulutah.gov/file/fb4f0417-3eb1-4656-99e6-77d29f0087cb>
- July 13, 2021 <https://www.bountifulutah.gov/file/94a0ec1c-184c-4caf-892f-367ba5e57fff>
- August 24, 2021 <https://www.bountifulutah.gov/file/dc6ddc5f-7243-4250-a951-da404ee12b75>
- October 26, 2021 <https://www.bountifulutah.gov/file/016a6b3d-36e9-4b5c-b11b-3d5b1e081209>
- March 22, 2022 <https://www.bountifulutah.gov/file/98880d25-4e9d-4ca5-99c4-f9fa87f8039b>
- May 24, 2022 <https://www.bountifulutah.gov/file/256acf09-01b5-4acd-822c-59ae8f25672e>
- June 28, 2022 <https://www.bountifulutah.gov/file/bf13af63-a41f-4d71-bd3a-5109120d8603>
- September 27, 2022 <https://www.bountifulutah.gov/file/99538810-9b1c-4435-9c9e-81ec85760d3f>
- October 25, 2022 <https://www.bountifulutah.gov/file/80985d14-d583-470e-812a-ad780a211af7>
- January 10, 2023 <https://www.bountifulutah.gov/file/3c7db70b-6059-4976-ad0a-b2e106e6bf3d>
- January 12, 2023 <https://www.bountifulutah.gov/file/255e2bf7-9736-4a85-80a7-721c13078298>
- March 14, 2023 <https://www.bountifulutah.gov/file/f0431807-dc33-4c03-9c15-1a32dc6e8fe9>
- April 10, 2023 <https://www.bountifulutah.gov/file/65f7866e-f472-4c2b-95c3-bda3e296ae2a>
- April 11, 2023 <https://www.bountifulutah.gov/file/1c298d09-d59a-4b24-b01f-40ff2ed58a5b>
- April 25, 2023 <https://www.bountifulutah.gov/file/afe22c6c-00e3-4069-82e5-9c0d7e175d4f>
- May 9, 2023 <https://www.bountifulutah.gov/file/bb126b02-7c46-4b96-a7fa-6cd90b76ea2c>
- May 23, 2023 <https://www.bountifulutah.gov/file/1ee21392-133e-4252-b3a0-8b73cabe8690>
- June 13, 2023 <https://www.bountifulutah.gov/file/d474f1aa-7251-4235-8152-653ef68b92bb>
- June 27, 2023 <https://www.bountifulutah.gov/file/25476bfd-8564-4fd1-8c4c-f00b3d3cd5e5>

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## Prior Milestones

- Fall 2020 – conversations with incumbent providers to improve services (no meaningful results).
- April 2021 – *Request for Information* from potential partners issued.
- Aug. 2021 – Consultant *Magellan* hired to evaluate feasibility of a Bountiful fiber program.
- October 2021 – Resident survey is conducted.
- May 2022 – Study results shared at Council meeting.
- June 2022 – Council asks staff to create a *Request for Proposals* for a partner to build and operate a fiber system.
- Nov. 2022 – RFP released.
- Dec. 2022 – RFP submittals received. Evaluations of submittals begin.
- Jan. 2022 – Council directs staff to begin negotiations with UTOPIA Fiber to build and operate a Bountiful-owned fiber network.
- May 2023 – Bountiful and UTOPIA sign contract.

# How will the project be paid for?

- The City will borrow (bond for) between \$42 and \$47 million.
- Subscriber revenue will pay for the project, not taxes.
  - Sales tax revenue will be pledged as security because bond purchasers will give a much lower interest rate.

How many subscribers are required for the system to be self-funding?  
35% is the break even “take rate”. This translates to about 6,500 connections of a possible 18,740.

# How likely is it for Bountiful Fiber to achieve a 35% take rate?

## What happens if the take rate falls short?

- The difference will be made up from general fund revenues until the take rate exceeds 35%. Then the revenues will reimburse the general fund.
- **All new bonds issued for city networks with UIA/UTOPIA since 2009 have been paid solely with subscriber revenues.**

City	Take Rate	Years of Operation
Brigham City	44.11%	8
Centerville	45.12%	8
Clearfield	16.91%	2
Layton	39.21%	8
Lindon	53.53%	8
Midvale	15.41%	8
Morgan	60.29%	3
Murray	24.87%	8
Orem	32.46%	8
Payson	34.55%	8
Perry	48.45%	8
Pleasant Grove	17.97%	10 months
Syracuse	7.50%	6 months
Tremonton	40.47%	8
West Point	38.90%	3
West Valley City	14.34%	8
Woodland Hills	57.95%	4

Average with 3 years 39.26%

# How much will Bountiful Fiber cost me?

- 250 Mbps \$70 - \$78 per month
  - 1 Gbps \$80 - \$90 per month
  - 10 Gbps \$220 - \$250 per month
- 
- No installation fees
  - No contracts



# What should happen now?

- Bonds are to be issued in July
- Construction is to begin in July
  - 24-36 months of construction



# Why are people going door to door to gather signatures?

The Utah Taxpayers Association would like to force the bond onto the November ballot in order to stop Bountiful Fiber.

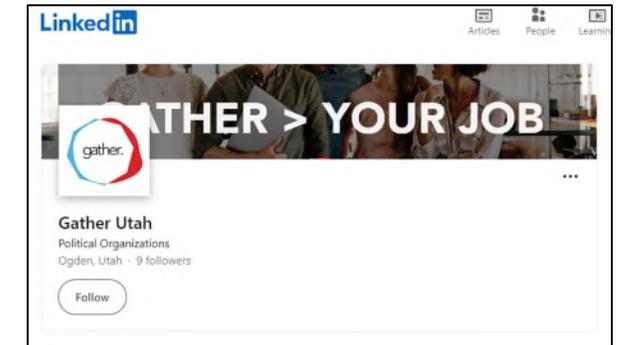
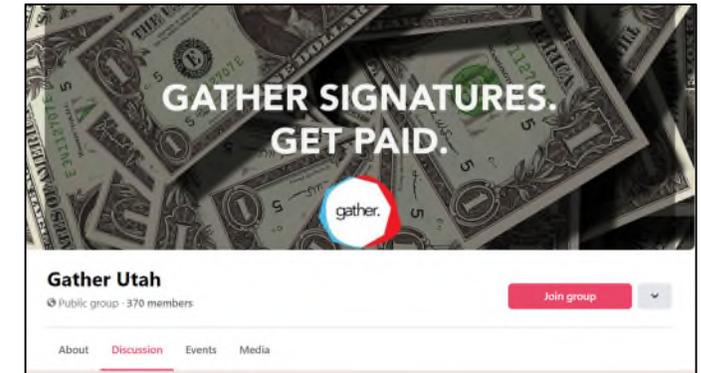
“For the last 20 years, the Utah Taxpayers Association has maintained this simple position when it comes to government-owned fiber networks: the government should not be in the business of business!”

- UTA Press Release - June 29, 2023



# Who *is* collecting signatures to force a ballot question?

The Utah Taxpayers Association (whose members include CenturyLink/Lumen and Comcast) has apparently engaged Gather Utah (Gathering, INC) to collect signatures in Bountiful.



# Does state law require voter approval of a sales tax bond? Why or why not?

- A General Obligation bond that pledges a city's property tax revenue and creates a tax increase requires voter approval. It is a pledge of the "full faith and credit" of a city.
- Revenue bonds, including a bond pledging sales tax revenue, do not increase taxes and therefore do not need voter authorization.
  - State law does not give cities the authority to increase sales tax rates beyond what is stipulated in state code.

# What is known about the Utah Taxpayers Association?

- Vocal critics of UTOPIA Fiber
- UTPA President Rusty Cannon has spoken in opposition to our fiber project in prior meetings.
- They do not publish a list of their dues paying members or their Board of Directors on their website (as of 6-27-23).
- Comcast and CenturyLink (Lumen) are or have been members of the organization and sponsors of the UTPA annual conference.
  - Link: <https://utahtaxpayers.org/utah-taxpayers-association-elects-new-board-of-directors-officers-for-2020/>

**44<sup>th</sup> Annual Taxes Now Conference**

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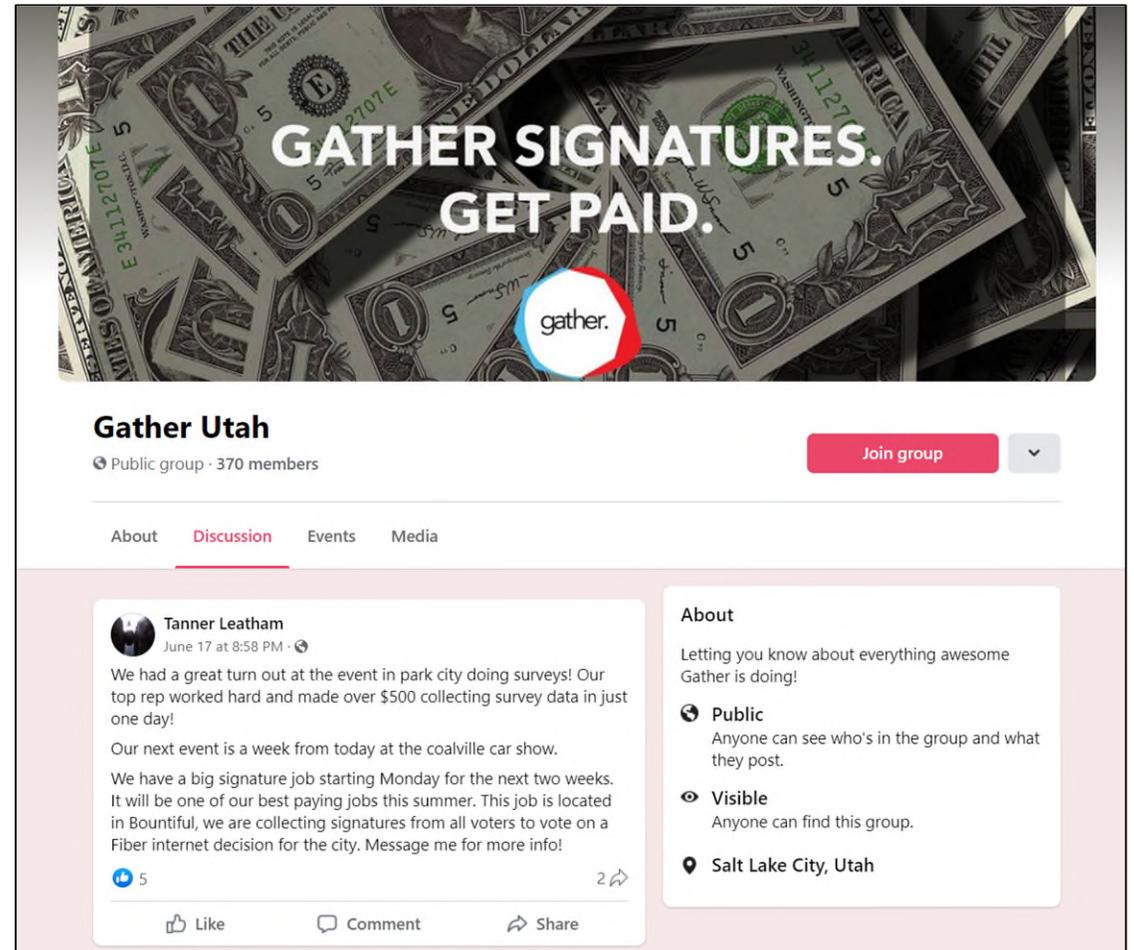
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- RioTinto**
- Ovintiv**

www.utahtaxpayers.org

# What is known about Gather Utah / Gathering INC

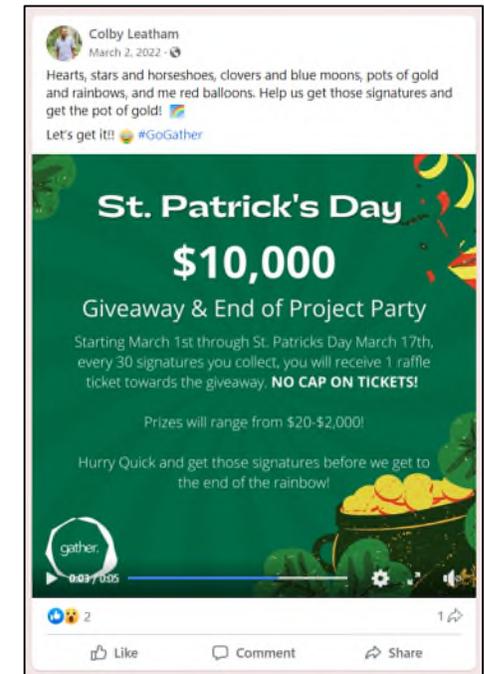
- Company created to gather signatures.
- No apparent active website or publicly listed phone number.\*
- Owners: Tanner Leatham, Spencer Stokes, Casey Hill.

\* Google search results on 6/27/23 provided limited information but included hits from LinkedIn and news articles from Desert News and KSL.com. On 6/28/23 the first link offered was a Facebook page (see screencap to the right).



# Is it legal to hire someone to collect signatures?

- Absolutely. Signature gathering is a common practice and multiple companies perform the service.
- Gather Utah promotes signature gathering jobs in Utah and elsewhere.



# Petition gatherers have not been honest with residents.

In the doorbell video included [here](#), a petition gatherer implies that he is collecting signatures in favor of and/or on behalf of Bountiful City.

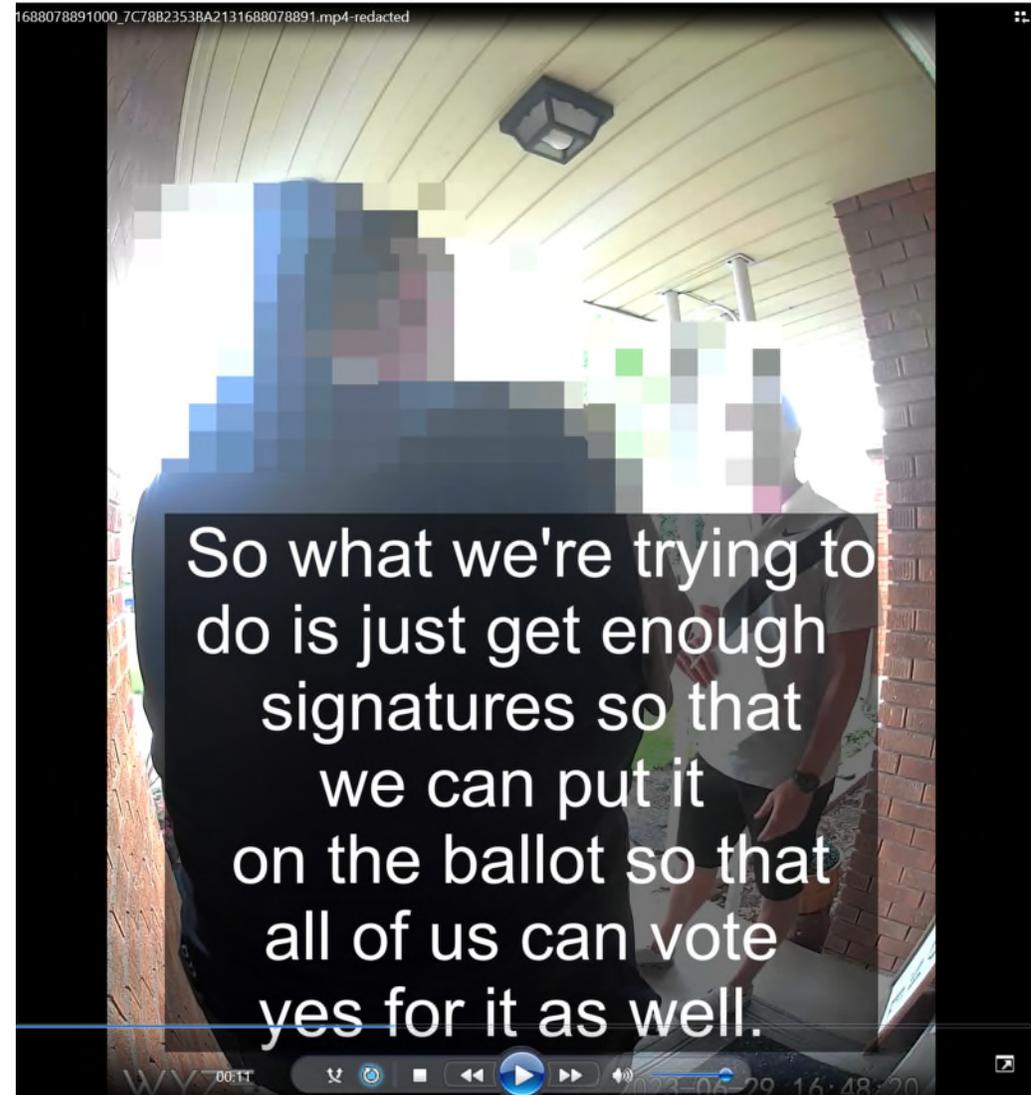
Note that he does not state that the bonds were already approved by the city council and do not need to be on a ballot.

This is one of many examples:



# Petition gatherers have not been honest with residents.

- “They told me they represented Bountiful City”
- “They said it’s going to cost the taxpayers a lot of money.”
- “They said if we were for fiber we should sign the petition.”
- “He right off the bat said he was ‘asked’ by the city council to go around.”
- “They told me a decision had not yet been made.”
- “They said this was the way to get fiber in Bountiful.”



# Can waiting until November really affect Bountiful Fiber?

- Agreement – our agreement with UTOPIA stipulates that financing be obtained 90 days after contract approval (which was on May 23). A successful petition effort will result in a missed deadline, meaning the end of the contract unless amended.
- Interest Rates – Interest rates may be higher six months from now. This would lead to a more expensive bond and higher costs for customers.
- Time - Construction was to begin in July. A petition to force a vote in November will mean the loss of the entire 2023 construction season.
- Cost – UTOPIA Fiber’s bid to build the system was provided in December 2022. They have kept that pricing through contract approval (six months +) but have said they might need to increase the customer charge if construction is delayed.
- Materials - UTOPIA purchased materials in 2022 in anticipation of a project in 2023 with someone. Bountiful was first to execute an agreement. Other cities may now take our place in line using materials in stock. We would then need to pay 2024 costs for materials.

Residents have asked, “How can I remove my name from a petition I have already signed?”

If you wish to remove your name from any petition circulating on this topic, visit this link on Bountiful’s website to download the proper forms: [Request to Remove Name from Petition](#)

The completed forms need to be returned to Bountiful City.

To learn more about the City’s plans for Bountiful Fiber, please visit [www.BountifulUtah.gov/Bountiful-Fiber](http://www.BountifulUtah.gov/Bountiful-Fiber)