

Ballot Question 2B



**Revenue Bond Funding For
Broadband Fiber Optic Network
Expansion Throughout Longmont**

**Election Day
November 5, 2013**



What are voters being asked to do?

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The City of Longmont is asking voters to approve bonds to fund the build-out of a community fiber optic broadband network. The network will pass every residence and business in the City and will expand the use of the existing fiber ring backbone that has been in place since 1997.

The City broadband service, with speeds up to 1 Gigabit per second, is currently available only to customers located in close proximity to the existing fiber infrastructure or those willing to pay their own installation cost.

The proceeds from this bond will fund a network that provides access to every residential and business customer who chooses to subscribe to City broadband services. Bond financing helps keep broadband service rates down while enabling the community to connect at high speeds that current providers cannot deliver using older generation networks.



Will this network differ from the incumbent networks serving Longmont?

Yes. The network being installed by the City is 100% fiber optic and will be available to connect all residences and businesses. Fiber is the state of the art technology for broadband. The existing incumbent networks are primarily composed of twisted pair copper wires or coax cable to the premises, which cannot provide the same high-speed connections that optical fiber can.

Are my electric rates expected to increase to repay this bond?

No. Although the bonds are backed by the LPC enterprise fund in order to obtain favorable interest rates, the electric and broadband operations are independent from an accounting perspective. The broadband feasibility study shows solid financial viability and that broadband revenues will be sufficient to cover all of the costs associated with providing the broadband services.

Will taxes increase to fund this network or pay off the utility bonds?

No. The language in the ballot question specifically states: "without raising taxes." The utility bonds are backed by the LPC enterprise fund. An enterprise fund only receives revenues based on the services it provides; it does not receive any tax funding.

History

Since 1997, the City of Longmont has operated its own fiber optic broadband network, comprised primarily of a backbone loop with limited extensions. Originally installed to assist Platte River Power Authority and Longmont Power & Communications with electric substation monitoring, it has also been used to connect computers and telephones in City offices; monitor water and wastewater systems; and facilitate enhanced communications for emergency services. For the City, this asset provides more capacity and functionality at a lower cost than leasing third-party networks.

In 2005, Senate Bill 05-152 was passed. This legislation restricted the City's ability to provide telecommunications services to the community, unless a ballot question to reinstate that right was passed. In a 2011 city-wide election, Longmont voters approved a measure by a 61% to 39% margin that re-established the City's right to offer broadband services to the community. .

Since then, the City has increased fiber network capacity, which provides data speeds of up to 1 Gigabit per second. Free Wi-Fi is available in public places, parks, and at events. Currently a limited number of customers are close enough to existing infrastructure to utilize Longmont's municipal broadband services; and the demand from both businesses and residents for improved speed, and reliable, low cost services grows daily.



Those in favor believe

- Funding should be obtained to expand the fiber optic network so all residents and businesses in Longmont can reap the significant benefits associated with lower cost, higher speed broadband services; not just those select few who live close to existing network facilities or those who can afford to pay installation costs.
- Obtaining this funding will enable the fiber optic network to be installed city-wide within 3 years, quickly providing the high-speed connectivity that can help make current Longmont businesses more competitive nationally and internationally, while encouraging economic growth. In that same short time period, it will also make state of the art technology available to all citizens and enhance educational opportunities for our students.
- Other municipalities have successfully deployed similar broadband networks that have greatly benefited their communities and more municipalities are planning to do so every day. Leveraging our existing infrastructure and Longmont Power & Communications proven track record of low cost, high quality services will utilize community assets and keep revenue dollars local.
- Low cost, high speed, broadband services are important to all citizens and businesses; and by having several provider choices available to the entire community, everybody benefits.
- The feasibility study prepared for the City indicates strong financial viability and rapid return on investment, based on Longmont-specific market research and detailed analysis of the cost to build and maintain the system.

Those opposed believe

- Longmont residents are satisfied with the quality and costs of services provided by the incumbent telecommunications companies; therefore the benefits do not outweigh the risks of funding a City-wide expansion of the community owned fiber optic broadband network.
- Some municipalities have struggled to provide broadband services, so the City of Longmont should not finance the expansion of the current network if success is not 100% certain.
- The project may fail to meet its financial requirements resulting in electric ratepayers being responsible for some of the cost.
- Municipalities have an unfair competitive advantage when compared to incumbent service providers who have made significant investments in existing legacy networks.
- Broadband services should only be provided by the private sector within the City of Longmont.

