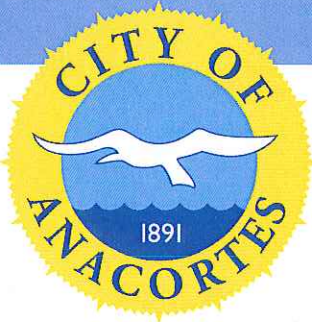


# CITY OF ANACORTES



## MUNICIPAL FIBER

*Bringing broadband internet access to Anacortes residents and businesses is not only important, it's imperative. Broadband will be a gamechanger for our community. With fiber access, I foresee a community where households can connect all their devices without worry, entrepreneurs have the infrastructure they need to innovate, our education and healthcare providers will have the platform for learning and telemedicine, and the city will have additional capacity to manage systems such as large databases and improve public safety communication.*

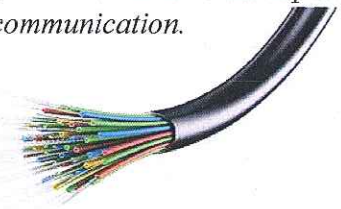
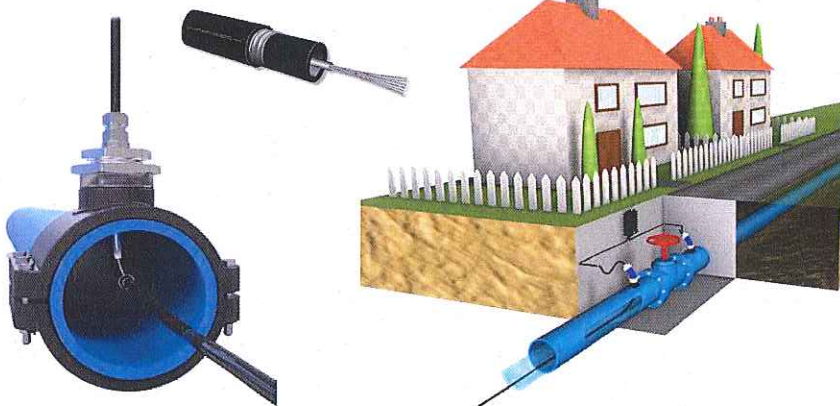
*- Mayor Laurie Gere*

### OVERVIEW

The City of Anacortes is exploring ways to improve the reliability and speed of internet services in town and seeks to construct a fiber optic based internet network for city and community use. High-quality affordable broadband technology gives consumers access to super-fast speeds and provides the entire city with new opportunities to grow economically. Greater accessibility and faster speeds translates into improved economic performance with the creation of more jobs, more innovation, as well as incentive for additional infrastructure investments and companies relocating or expanding into the City of Anacortes.

### FIRST IN NORTH AMERICA

The City of Anacortes is the first in North America to successfully construct a fiber optic backbone in **active water lines** that links the Water Treatment Plant located in Mount Vernon, the Wastewater Treatment Plant located in Anacortes, sewer pump stations, and other facilities. The City intends to expand the fiber optic network from this backbone infrastructure to all City facilities. The goal is to connect the entire City and provide an option for the community to hook up to this community owned system.



### WHY FIBER?

Municipal networks create jobs, attract new businesses, serve existing businesses and keep critical jobs in town, support home based productivity, advance healthcare, education, and research, create reliable connections for public safety, initiate tech booms, incubate start-ups, and save money that can be reinvested in local economies and increase house values.

### BY THE NUMBERS MUNICIPAL FIBER

**\$15 MIL**

total project cost

**\$1.7 MIL**

city commitment year 2019

**4 year project**

# CITY OF ANACORTES MUNICIPAL FIBER



## IMPLEMENTATION

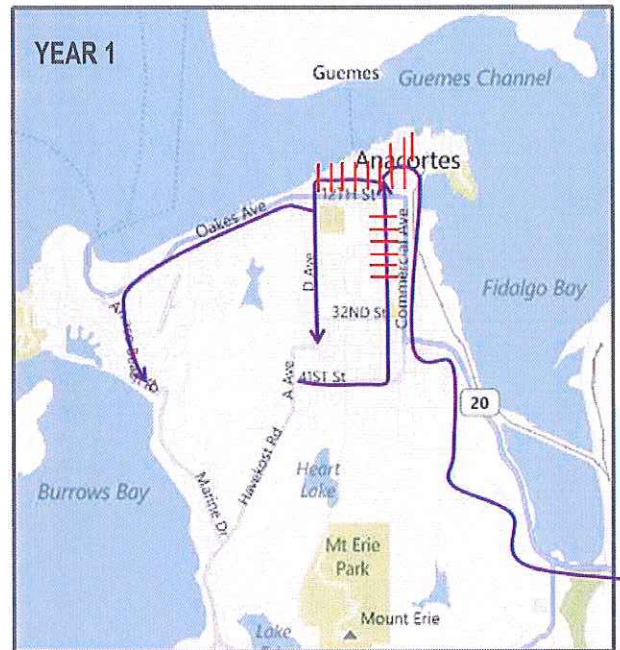
The City has an aggressive plan of completing fiber to the home and business throughout all of Anacortes in the next 4 years. Over 1600 community members have completed a survey expressing interest in an Anacortes municipal fiber system. The first year we will pass 1000 homes and businesses in our Commercial Business District, Old Town, and M Avenue corridor where overhead utility poles are readily available. The second year we will pass another 1000 BUILDINGS and then will branch out into the homes and neighborhoods that require underground connections. Our business plan suggests that a 35% connection or "take rate" will ensure success. Through the budget process City Council is considering funding options for the initial startup costs.

## PROPOSED NETWORK TRIAL- YEAR 1

Build to approximately 1000 buildings: CBD, Old Town, and M Ave pilot zone

- Construction and capital equipment estimate: \$1.2MIL
- Per existing NoaNet price estimates
- Operational cost including 4 new employees and outsourcing of after-hours calls: \$500K
- Total investment: \$1.7 MIL
- Subtract \$300k for County Grant

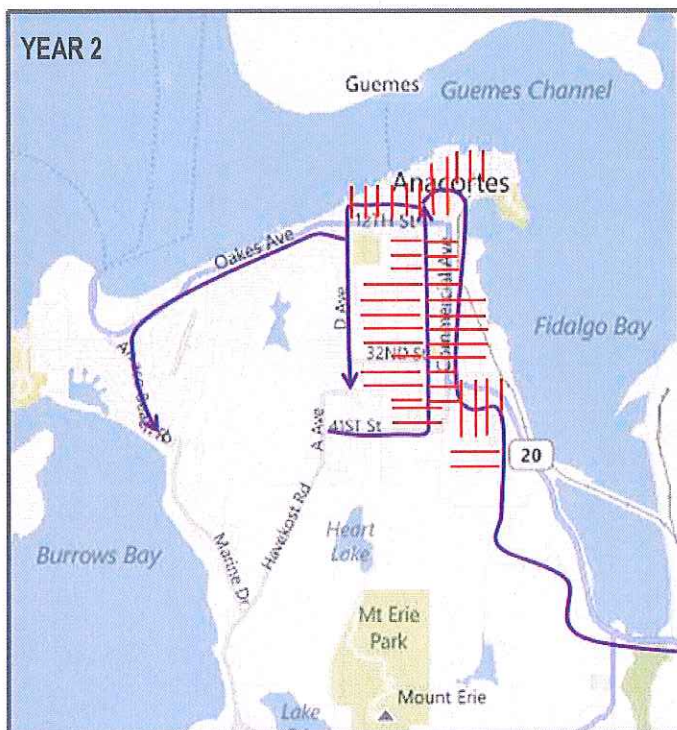
**Funds necessary \$1.4MIL**



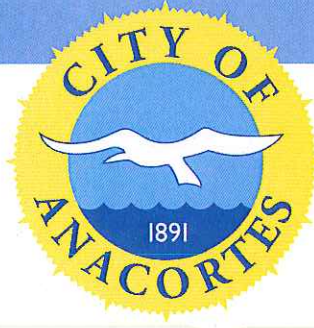
## AERIAL NEIGHBORHOODS- YEAR 2

Construction costs to build past the next 2000 buildings served by aerial utilities

Estimate \$675 per building passed and \$750 per customer connection  
**FUND NECESSARY \$1.8MIL**



# CITY OF ANACORTES



## MUNICIPAL FIBER

### BUSINESS PLAN GOALS

1. Deliver High Speed Residential and Business Internet Service at Competitive Prices Throughout the Community
2. Provide Excellent Customer Service
3. Achieve a Market Share of 35% or More
4. Pay for any Construction Liabilities (loans) with Subscriber Revenue
5. Achieve Payback On Construction Investment in 15-20 years
6. Become Cash Flow Positive in 2-3 years
7. Spur Local Business Development and Economic Growth

### BUSINESS PLAN SUMMARY

1. Build an in-house ISP
2. Outsource or partner for work that we can't do in-house
3. Focus on high-speed Internet service offering; explore phone and TV options
4. Dark Fiber leases for additional revenue
5. 1-year trial: 1000 buildings in low cost-to-construct neighborhoods
6. Expand throughout the City (4 year construction schedule)
7. Staffing: 4 employees during trial, possibly expand to 6 or 7 after pilot area 1
8. Business Goals: cash flow positive in year 2-3, construction ROI in 15-20 years
9. 35% market share is key

