



CENTERVILLE CITY

250 North Main • Centerville, Utah 84014 • (801) 295-3477 • Fax: (801) 292-8034

Incorporated in 1915

Mayor

Paul A. Cutler

City Council

Ken S. Averett

Tamelyn Fillmore

John T. Higginson

Stephanie Ivie

Lawrence Wright

City Manager

Steve H. Thacker

interoffice MEMORANDUM

to: Mayor Cutler
City Council
cc: Department Heads
Planning Commission
from: Steve H. Thacker, City Manager *N. Thacker*
subject: City Manager's Summary of June 3, 2014 Council Meeting
date: May 30, 2014

5:00 Budget Work Session – We will begin earlier than normal with a work session at 5:00 p.m. Sandwiches will be available for dinner, so you can eat while working. We will continue to use the same discussion outline that was prepared for the May 20 work session. Please bring the handouts that I gave to you in that work session, as well as your Budget Notebook. The regular meeting agenda shows the possibility of continuing the discussion of budget items at the end of that meeting, if the Council desires to do so. The Council also has the option of scheduling another budget work session prior to the regular meeting on June 17.

7:00 Regular City Council Meeting

E.1. Minutes Review and Acceptance – The minutes to be approved are enclosed.

E.2. Summary Action Calendar

- a. **Master Utility Agreement** – This agreement between the City and UDOT pertains to the relocation of City facilities affected by the I-15 South Davis County Project. These relocations would be paid for entirely by UDOT.
- b. **Bid Award – Oak Ridge/500 East Waterline Project** – This bid award includes a scope of work funded by the 2012 Water Revenue Bond, as well as additional work funded from current revenues within the Water Fund. The work involves the replacement/enlargement of two water mains on Oakridge Drive and another water main on 500 East.
- c. **Bid award -- Miscellaneous Water Lateral 2014 Project** – Each year the City awards a project of this nature, which includes a number of water service line replacements and other miscellaneous system work. Typically a number of water laterals are replaced on those streets anticipated for resurfacing within the next year or two.
- d. **Bid award -- Pasture waterline** – The developer of the Pasture commercial development (Craig Salmon) will pay for this waterline extension and related work.



- E.3. FY 2015 Tentative Budget** – State law requires that a public hearing be held on the Tentative Budget. This has been noticed for the June 3 Council meeting. Prior to the Mayor opening the public hearing, I would like to summarize or highlight some aspects of the Tentative Budget for the benefit of the public at the meeting. This will include an explanation of the proposed changes in compensation for elected and appointed officials, because State law requires such changes to also be the subject of a public hearing. Following this public hearing, the agenda shows the City Council adjourning into an RDA Board meeting to conduct a public hearing on the RDA's Tentative Budget.
- E.4. UTOPIA/Macquarie Proposal and Related Matters** – Mayor Cutler has asked the Centerville UTOPIA Fiber Utility Advisory Committee, consisting of eleven (11) citizens and business owners, to make an interim or preliminary report in the June 3 meeting. Council members Wright and Ivie have asked for some time on the agenda to allow George McEwan, a Centerville resident, to make a presentation about the Macquarie proposal. Mayor Cutler and Blaine Lutz, the City's representatives on the UTOPIA and UIA Boards respectively, may share other information relating to the Macquarie proposal or other alternatives under consideration. The Council may then discuss this topic. Staff would like direction regarding preparations for the June 5 open house on the Macquarie proposal.
- E.5. Mayor's Report** – Although no specific topics are identified under this heading, I presume the Mayor will report on one or more matters.
- E.6. City Manager's Report** – I will provide an update of the Community Park Expansion Project, the Parrish & Main Intersection Project, and the I-15 Express Lane Project (also known as the I-15 South Davis County Project). I would also like to suggest a change in the newsletter production and distribution schedule for the remainder of 2014.
- E.7. Miscellaneous Business** – No items are identified at this time under this heading.
- E.8. Closed Meeting, if necessary** – At this time I do not know of a need for a closed meeting, but the agenda allows for that possibility.
- E.9. Appointments to City Boards/Committees** – Mayor Cutler may recommend appointments to City boards or committees.
- E.10 Continue discussion for FY 2015 Tentative Budget issues** – If needed and desired, the City Council may continue its discussion of budget issues from the earlier work session.

Potential Agenda Items for June 17 regular City Council Meeting (subject to change):

- Swearing-in of new Youth City Council members
- Public Hearing – UTOPIA/Macquarie Milestone One Proposal
- FY 2014 Budget amendments (current fiscal year)
- Adopt FY 2015 Budget
- RDA meeting—adopt RDA Budget
- Financial Report

CENTERVILLE CITY COUNCIL AGENDA

NOTICE IS HEREBY GIVEN THAT THE CENTERVILLE CITY COUNCIL WILL HOLD ITS REGULAR PUBLIC MEETING AT 7:00 P.M. ON TUESDAY, JUNE 3, 2014 AT THE CENTERVILLE CITY COMMUNITY CENTER AND CITY HALL COUNCIL CHAMBERS, 250 NORTH MAIN STREET, CENTERVILLE, UTAH. THE AGENDA IS SHOWN BELOW.

Meetings of the City Council of Centerville City may be conducted via electronic means pursuant to Utah Code Ann. § 52-4-207, as amended. In such circumstances, contact will be established and maintained via electronic means and the meeting will be conducted pursuant to the Electronic Meetings Policy established by the City Council for electronic meetings.

Centerville City, in compliance with the Americans With Disabilities Act, provides accommodations and auxiliary communicative aids and services for all those citizens in need of assistance, including hearing devices. Persons requesting these accommodations for City-sponsored public meetings, services, programs, or events should call Blaine Lutz, Centerville Finance Director, at 295-3477, giving at least 24 hours notice prior to the meeting.

A notebook containing supporting materials for the business agenda items is available for public inspection and review at City Hall and will be available for review at the meeting. Upon request, a citizen may obtain (without charge) the City Manager's memo summarizing the agenda business, or may read this memo on the City's website: <http://centervillepublic.novusagenda.com/>.

Tentative - The times shown below are tentative and are subject to change during the meeting.
Time:

5:00 Budget Work Session

7:00 **A. ROLL CALL**

(See City Manager's Memo for summary of meeting business)

B. PLEDGE OF ALLEGIANCE

C. PRAYER OR THOUGHT
Councilman Ken Averett

7:05 **D. OPEN SESSION (This item allows for the public to comment on any subject of municipal concern, including agenda items that are not scheduled for a public hearing. Citizens are encouraged to limit their comments to two (2) minutes per person. Citizens may request a time to speak during Open Session by calling the City Recorder's office at 801-295-3477, or may make such request at the beginning of Open Session.) Please state your name and city of residence.**

E. BUSINESS

7:10 1. **MINUTES REVIEW AND ACCEPTANCE** – May 20, 2014 work session and regular Council meeting minutes

7:15 2. **Summary Action Calendar**

a. Consider Master Utility Agreement between the City and UDOT for the Relocation of City Facilities in Conjunction with the I-15 South Davis County Project

b. Award bid to Great Basin Development in the amount of \$206,044 for labor and to Mountain States Supply in the amount of \$133,247.51 and to Dura

(OVER)

- Crete in the amount of \$3,971.04 for materials (both materials bids include tax) for the Oakridge and 500 East Waterline Replacements Project
- c. Award bid to Great Basin Development in the amount of \$35,087 for labor and to HD Supply Waterworks in the amount of \$9,630.28 for materials (includes tax) for Miscellaneous Water Lateral 2014 Project
 - d. Award bid to Merlin Daines Inc. in the amount of \$39,900 for labor and to Mountain States Supply in the amount of \$29,621.33 (includes tax) for materials for construction of the Pasture waterline
- 7:20 3. FY 2015 Tentative Budget
- a. Staff Report
 - b. Public hearing on Centerville City FY 2015 Tentative Budget, including compensation of elected and appointed officials and Justice Court Judge
 - c. **ADJOURN TO RDA** meeting for public hearing on RDA FY 2015 Tentative Budget
- 7:50 4. UTOPIA/Macquarie Proposal and Related Matters
- a. Report from Centerville UTOPIA Fiber Utility Advisory Committee
 - b. Presentation from resident
 - c. Other related information
 - d. Discussion
- 9:00 5. Mayor's Report
- 9:10 6. City Manager's Report
- a. Community Park Expansion Project
 - b. Parrish & Main Intersection Project
 - c. I-15 Express Lane Project
 - d. Changes in newsletter schedule
- 9:30 7. Miscellaneous Business
- 9:40 8. Closed meeting, if necessary, for reasons allowed by state law , including, but not limited to, the provisions of Section 52-4-205 of the Utah Open and Public Meetings Act, and for attorney-client matters that are privileged pursuant to *Utah Code Ann.* § 78B-1-137, as amended.
- 9:40 9. Possible action following closed meeting, including appointments to boards and committees
- 9:40 10. Continue discussion of FY 2015 Tentative Budget issues

F. **ADJOURNMENT**

(Items of Interest (i.e., newspaper articles, not items on agenda)

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5:00 Budget Work Session

7:00 A. **ROLL CALL**

(See City Manager's Memo for summary of meeting business)

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C. PRAYER OR THOUGHT

Councilman Ken Averett

7:05 D. **OPEN SESSION (This item allows for the public to comment on any subject of municipal concern, including agenda items that are not scheduled for a public hearing. Citizens are encouraged to limit their comments to two (2) minutes per person. Citizens may request a time to speak during Open Session by calling the City Recorder's office at 295-3477, or may make such request at the beginning of Open Session.) Please state your name and city of residence.**

E. BUSINESS

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Review and accept May 20, 2014 work session and regular City Council meeting minutes.

7:15 2. **Summary Action Calendar**

a. Consider Master Utility Agreement between the City and UDOT for the Relocation of City Facilities in Conjunction with the I-15

South Davis County Project

- b. Award bid to Great Basin Development in the amount of \$206,044 for labor and to Mountain States Supply in the amount of \$133,247.51 and Dura Crete in the amount of \$3,971.04 for materials (both materials bids include tax) for the Oakridge and 500 East Waterline Replacements Project
- c. Award bid to Great Basin Development in the amount of \$35,087 for labor and to HD Supply Waterworks in the amount of \$9,630.28 (includes tax) for materials for the Miscellaneous Water Lateral Project.
- d. Award bid to Merlin Daines, Inc. in the amount of \$39,900 for labor and to Mountain States Supply in the amount of \$29,621.33 (includes tax) for construction of the Pasture waterline

7:20

3. **FY 2015 Tentative Budget**

- a. Staff Report
- b. Public hearing on Centerville City FY 2015 Tentative Budget, including compensation of elected and appointed officials and Justice Court Judge
- c. Adjourn to RDA meeting for public hearing on RDA FY 2015 Tentative Budget

7:50

4. **UTOPIA/Macquarie Proposal and Related Matters**

- a. Report from Centerville UTOPIA Fiber Utility Advisory Committee
- b. Presentation from resident
- c. Other related information
- d. Discussion

9:00

5. **Mayor's Report**

9:10

6. **City Manager's Report**

- a. Community Park Expansion Project
- b. Parrish & Main Intersection Project
- c. I-15 Express Lane Project
- d. Changes in newsletter schedule

9:30

7. **Miscellaneous Business**

9:40

8. **Closed meeting, if necessary, for reasons allowed by state law, including, but not limited to, the provisions of Section 52-4-205 of the Utah Open and Public Meetings Act, and for attorney-client matters that are privileged pursuant to Utah Code Ann. § 78B-1-137, as amended**

9:40

9. **Possible action following closed meeting, including appointments to boards and committees**

9:40

10. **Continue discussion of FY 2015 Tentative Budget issues**

F. ADJOURNMENT

Items of Interest (i.e., newspaper articles, not items on agenda)

CENTERVILLE CITY COUNCIL

Staff Backup Report 6/3/2014

Item No.

Short Title: Budget Work Session

Initiated By:

Scheduled Time: 5:00

SUBJECT

RECOMMENDATION

Continue discussing the issues shown in the attached "Discussion Outline" for the May 20 work session, relating to the FY 2015 Tentative Budget.

BACKGROUND

The City Council began working through the attached Discussion Outline on May 20. The Council agreed with the proposed renewal of the employee medical insurance plan (remain with Select Health) with no change in the medical benefit provisions, but agreed to change the dental insurance and life/disability insurance providers.

Mayor and Council Salaries -- The May 20 work session ended with a discussion about Mayor and Council salaries. The City Code requires that every four years staff analyze the impact of inflation and survey the salaries of elected officials in other cities of similar size, and use this data in recommending increases in compensation for the Mayor and Council Members. The cost of living (CPI) and comparative salary data is shown in the attachment, "City Council and Mayor Compensation". In the May 20 work session, several council members expressed support for bringing the Mayor and Council Member compensation more in line with the average of Utah cities of similar size along the Wasatch Front. As shown on the attachment, those averages are about \$15,000 and \$7500 per year, respectively. The current Mayor salary of \$12,000 per year (\$1000 per month) was established in 2004. The Mayor also receives a \$100 per month vehicle allowance. The current City Council Member salary of \$5100 per year (\$425 per month) was set in 2006. Council members do not receive a vehicle allowance.

To bring the current compensation of Centerville elected officials in line with the average of cities of similar size, staff recommend the salaries for the Mayor and Council Members be increased by \$100 per month, plus another \$100 per month for their roles on the RDA Board. The second \$100 per month would be funded by the RDA. These increases would result in the Mayor's annual salary being \$14,400 (plus \$1200 vehicle allowance); a Council Member's annual salary would be \$7500 per year.

Other Work Session Budget Topics -- The Council did not have time to discuss employee compensation in the May 20 work session, and other topics shown thereafter on the attached agenda. These will be discussed in the June 3 work session. Council members should bring the working documents given to them on May 20. Hopefully a majority of council members will be

able to agree on what compensation specifics (for elected and appointed officials) will be reported during the public hearing to be held in the regular council meeting later that evening, because state law requires that any changes in compensation for elected and statutory appointed officials be subject to a public hearing. At the work session, the City Manager will recommend a market adjustment to the employee pay ranges, and the percentages that he recommends for the pay raise matrix contained in the Salary Administration Guidelines. The current version of those Guidelines (for FY 2014), is attached.

ATTACHMENTS:

Description

- ☐ Budget Work Session Discussion Outline
- ☐ City Council and Mayor Compensation
- ☐ Salary Administration Guidelines

FY 2015 Budget Work Session

May 20, 2014 (continued on June 3)

Discussion Outline

1. Nature and scope of financial analysis provided as background
2. Concept of General Fund (GF) "Base Budget" and additional available revenue (page vi)
3. Pressures for more funding (pages vi-vii)
4. Potential sources of more funding for GF expenditures (page vii)
5. Recommended uses of additional available revenue in GF (pages viii-ix)
 - Police officer position -- \$68,000
 - Street maintenance -- \$80,000
 - Employee pay raises -- \$86,000 (2.5%: 2.0 + 0.5)
 - Contingency -- \$35,000
 - Other priorities (TDB) -- \$21,120
6. UTOPIA
 - Sources of funding the annual pledge obligation (page x)
 - Operating expenses (carry-over of unused FY 2014 funding?)
 - Potential share of Macquarie related costs
7. Employee benefits
 - Retirement contribution
 - Health insurance, etc.
 - Paid leave (concern about LTSL accrued liability)
8. Employee compensation
 - Mayor and Council salaries
 - Employee wages
 - Market adjustment to pay ranges
 - Justice Court Judge
 - Salary Administration Guidelines
9. Enterprise Funds—user fee increases
10. Other issues
 - Centennial Celebration & Book
 - Whitaker Museum
 - Redevelopment Agency
 - Cemetery sales revenue
 - RDA payback for ball fields ends in FY 2016?
 - Questions/issues from Council members

City Council and Mayor Compensation

May-14

Davis County		
Cities	Annual Council Salary	Annual Mayor Salary
West Bountiful	\$ 2,538.00	\$ 9,250.00
South Weber	\$ 3,600.00	\$ 9,600.00
Sunset	\$ 3,900.00	\$ 7,800.00
Clinton	\$ 4,200.00	\$ 8,400.00
Fruit Heights	\$ 4,500.00	\$ 8,400.00
Syracuse	\$ 4,590.00	\$ 10,044.00
North Salt Lake	\$ 4,800.00	\$ 18,300.00
Woods Cross	\$ 4,800.00	\$ 9,600.00
West Point	\$ 5,400.00	\$ 12,600.00
Kaysville	\$ 6,120.00	\$ 13,088.00
Farmington	\$ 7,200.00	\$ 13,200.00
Bountiful	\$ 7,800.00	\$ 15,600.00
Clearfield	\$ 10,505.00	\$ 15,038.00
Layton	\$ 13,300.00	\$ 21,800.00
Average	\$ 5,946.64	\$ 12,337.14
Average (less outliers)	\$ 5,617.92	\$ 11,805.83
Minimum	\$ 2,538.00	\$ 7,800.00
Quartile 1	\$ 4,275.00	\$ 9,337.50
Quartile 2	\$ 4,800.00	\$ 11,322.00
Quartile 3	\$ 6,930.00	\$ 14,578.50
Max	\$ 13,300.00	\$ 21,800.00
Centerville	\$ 5,100.00	\$ 12,000.00

Cities 10-25K		
Cities	Annual Council Salary	Annual Mayor Salary
Clinton	\$ 4,200.00	\$ 8,400.00
Syracuse	\$ 4,590.00	\$ 10,044.00
North Ogden	\$ 4,612.50	\$ 10,250.00
North Salt Lake	\$ 4,800.00	\$ 18,300.00
West Point	\$ 5,400.00	\$ 12,600.00
American Fork	\$ 6,120.00	\$ 21,600.00
Brigham City	\$ 6,358.00	\$ 15,506.00
Farmington	\$ 7,200.00	\$ 13,200.00
Payson	\$ 7,280.00	\$ 9,000.00
Saratoga Springs	\$ 7,800.00	\$ 10,500.00
Herriman	\$ 9,000.00	\$ 21,000.00
South Ogden	\$ 9,509.00	\$ 14,370.00
Heber City	\$ 10,800.00	\$ 13,200.00
Midvale	\$ 12,000.00	\$ 18,500.00
Holladay	\$ 12,840.00	\$ 28,000.00
Average	\$ 7,500.63	\$ 14,964.67
Average (less outliers)	\$ 7,343.81	\$ 14,466.92
Minimum	\$ 4,200.00	\$ 8,400.00
Quartile 1	\$ 5,100.00	\$ 10,375.00
Quartile 2	\$ 7,200.00	\$ 13,200.00
Quartile 3	\$ 9,254.50	\$ 18,400.00
Max	\$ 12,840.00	\$ 28,000.00
Centerville	\$ 5,100.00	\$ 12,000.00

CPI			
2006	3.2%	3.1%	332.50
2007	2.8%	3.1%	
2008	3.8%	3.5%	
2009	-0.4%	-0.4%	
2010	1.6%	1.1%	
2011	3.2%	2.8%	
2012	2.1%	2.2%	
2013	1.5%	1.5%	381.20
2014 (as of April)	2.0%	1.5%	1.15

CENTERVILLE CITY SALARY ADMINISTRATION GUIDELINES – FY 2014

The City's compensation program is designed to compensate employees fairly, to maintain a pay position which is competitive, and to reward for performance. To carry out this philosophy, the City seeks to establish salaries that are fair externally, internally, and individually.

External Fairness

External fairness means employees will be paid fairly compared to people doing comparable work in the local job market area. The City determines fairness by comparing its salaries for certain jobs, such as police officer or secretary, with the salaries other employers pay for those jobs. Those jobs are grouped into levels of pay called salary grades. Each salary grade is assigned a pay range. In order to achieve a competitive advantage in the job market, the City generally bases the midpoint of pay ranges on the third quartile of the midpoints of pay ranges for related jobs in the job market, although this is subject to change by the City Council.

To keep salaries in line with its job market target, the City adjusts its salary ranges using data from local market salary surveys. The salary ranges (i.e., the minimum and maximum of each pay range) that were in effect for FY 2013 will be increased for FY 2014 by 1.5 percent.

Internal Fairness

Internal fairness means that jobs equivalent in value to the City are assigned similar salary grade levels, regardless of the department involved. Each position's salary grade level is based on the job description for that position, so accurate job descriptions are essential. Supervisors should update job descriptions when job duties change significantly and should review them at least annually in conjunction with performance appraisals. If there is a significant difference between the job description and current duties, the supervisor and the employee should normally rewrite the description for review so the City Manager can determine if the job is assigned the correct salary grade level, subject to Council approval. A revised job description does not mean that the assigned salary grade will change, only that it will be reviewed.

Individual Fairness

Individual fairness means an employee will be rewarded for individual performance relative to that of his/her peers. Based on that performance, an employee can move to higher positions in the current salary range or, if the employee earns a promotion, a higher salary range.

Salary Ranges

The City has assigned each job a salary range, with a minimum, midpoint, and maximum salary. The salary range allows employees to receive different salaries based on performance appraisals, levels of experience, and labor market conditions.

Note the following features of salary ranges:

Salary Administration Guidelines – FY 2014

Page 2

1. Currently the Council's intent is to base the midpoints of salary ranges on the third quartile of the midpoints of pay ranges for related jobs in the job market. This will not be an exact match due to the need to maintain internal equity in the compensation plan.
2. Salary ranges are divided into four equal parts, called quartiles. The lowest salaries are in the first quartile, and the highest salaries are in the fourth quartile. For example, if a job has a minimum annual salary of \$30,000 and a maximum of \$42,000, the first quartile would range from \$30,000 to \$33,000; the second quartile would range from \$33,000 to \$36,000 and so on.
3. Salary ranges overlap extensively, so an experienced, high-performing employee in one grade level can earn the same as or more than a less-experienced or lower-performing employee in a higher grade level.
4. Normally salary ranges move higher each year to keep in line with conditions in the job market.

Merit Increases

At the beginning of the Fiscal Year, an employee may receive a merit increase, or raise. This increase is based on the employee's performance and is affected by the quartile that the employee's salary is in, market salary conditions, and budget availability. The chart below shows the potential raise available in Fiscal Year 2014 (effective with the payroll period beginning July 7, 2013), depending on the employee's performance and where the employee's current salary falls within the pay range assigned to his/her position. **The percentages in this chart are likely to change from year to year. An employee's base pay cannot exceed the maximum of the pay range for his position. Therefore, employees at or near the maximum may not be eligible for the percentages shown in the 4th quartile below.**

	1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile
Consistently Exceeds Expectations ("sustained outstanding performance")	>3.0%	>2.5%	>2.0%	>1.5%
Meets or Exceeds Expectations	2.5 – 3.0%	2.0 – 2.5%	1.5 – 2.0%	1.0 – 1.5%
Needs Improvement	<2.5%	<2.0%	<1.5%	<1.0%
Seriously Deficient (at risk of Termination)	0%	0%	0%	0%

“Consistently Exceeds Expectations” is funded with a sum equal to 0.5% of the department’s salaries (not including the department head). This 0.5% can be used to increase the amount of raise for one or more employees within the department, subject to approval of the City Manager and Mayor and limited by the funding made available by the 0.5%. This means an employee could possibly receive more than a 0.5% additional increment. The 0.5% can also be used to give lump sum bonuses. Bonuses could be given, for example, for the following purposes:

- to recognize sustained outstanding performance by an employee who is at the top of the pay range (i.e., “maxed out”)
- to compensate an employee for significant additional responsibility undertaken for a limited period, for which the employee was not otherwise adequately compensated
- to recognize significant efforts by employees to upgrade their knowledge and skills

When using the 0.5% for additional base pay increases, normally this would be for the purpose of rewarding employees who consistently or significantly exceed expectations (i.e., “sustained outstanding performance”), or who have significantly increased their value to the City through education or training beyond that required for their position. However, the 0.5% might also be used to address a salary inequity within a department. A department head may also request permission from the City Manager to use up to 10% of the 0.5% sum for minor incentive awards throughout the fiscal year.

Any part of an employee’s pay raise may be delayed or postponed as an incentive to improve performance. Likewise, the 0.5% departmental pool may be used at any time during the fiscal year to fund an additional increase in base pay or to award a lump sum bonus. However, base pay raises given later in the fiscal year and funded by the 0.5% pool would be annualized when determining how much of the 0.5% pool is consumed to fund that raise.

Department heads will be considered as a “department” under the City Manager and Mayor in regard to the guidelines above. In other words, the City Manager and Mayor will decide the amount of raise for each department head, subject to the guidelines and funding limitations. Any base pay increase or lump sum bonus for the City Manager will be determined by the Mayor and City Council.

CENTERVILLE CITY COUNCIL

**Staff Backup Report
6/3/2014**

Item No.

Short Title: Councilman Ken Averett

Initiated By:

Scheduled Time:

SUBJECT

RECOMMENDATION

BACKGROUND

CENTERVILLE CITY COUNCIL

Staff Backup Report 6/3/2014

Item No. 1.

Short Title: Minutes Review and Acceptance

Initiated By:

Scheduled Time: 7:10

SUBJECT

Review and accept May 20, 2014 work session and regular City Council meeting minutes.

RECOMMENDATION

BACKGROUND

ATTACHMENTS:

Description

- D May 20, 2014 work session minutes
- D May 20, 2014 Council meeting minutes

PRELIMINARY DRAFT

Minutes of the Centerville City Council **work session** held Tuesday, May 20, 2014 at 5:35 p.m. at the City Hall Council Chambers, 250 North Main Street, Centerville, Utah.

MEMBERS PRESENT

Mayor	Paul A. Cutler
Council Members	Ken S. Averett Tamilyn Fillmore John T. Higginson (arrived at 5:37 p.m.) Stephanie Ivie Lawrence Wright

STAFF PRESENT

Steve Thacker, City Manager
Blaine Lutz, Finance Director/Assistant City Manager
Lisa Romney, City Attorney
Jolene Jackson, Treasurer
Katie Rust, Recording Secretary

BUDGET WORK SESSION

Steve Thacker, City Manager, presented a General Fund "Base Budget" prepared as a baseline to reflect necessary expenses to support current operations and maintain current level of service. Mr. Thacker explained potential sources of more funding for the General Fund, and recommended possible uses of additional available revenue in the General Fund. He reported on an anticipated increase in the Fire District assessment in the next fiscal year, and Mayor Cutler explained an inequity in the allocation of paramedic funding. Mr. Thacker stated he has hope that the Legislature will do something next year to provide more funds for street maintenance, and suggested the Council could encourage the County Commissioners to impose the one-fourth cent sales tax already authorized by the State for transportation purposes. Mayor Cutler stated there seems to be more support from mayors than there has been in the past for converting the South Davis Fire Agency to an independent taxing district. City Manager Thacker expressed that improvements to existing City parks would be a good use of RAP tax funds if renewed by voters in 2015.

UTOPIA

Mr. Thacker explained the sources for funding the annual UTOPIA pledge obligation. He stated he does not recommend appropriating additional funds for UTOPIA operating expenses in the FY 2015 Budget. Instead, Mr. Thacker recommended the unused portion of the amount included in the FY 2014 Budget for UTOPIA operating expenses be transferred to the Telecommunications Fund by the end of FY 2014 for use as needed in FY 2015. Centerville has a 3.33% pledge responsibility as one of the eleven member cities in UTOPIA. There was some disagreement regarding Centerville's pledge percentage as one of the eight UIA cities (somewhere under 4%). Staff will verify the exact percentage.

Employee Health Insurance

City Manager Thacker explained increases to the State retirement fund contribution rates set by the State. The Council discussed health insurance for employees and the possibility of converting to a health savings account (HSA) format. Mr. Thacker recommended the City renew the current medical insurance plan with a relatively low increase (4%) in cost to the City for FY 2015, and prepare to convert to an HSA format next year. Councilman Wright suggested staff examine the option to eliminate traditional health insurance coverage and allow employees to utilize the Utah Health Exchange with a City contribution, and then discuss the

PRELIMINARY DRAFT

Centerville City Council Work Session
Minutes of Meeting of May 6, 2014

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1 different alternatives with the employees. Jolene Jackson, City Treasurer, added that some
2 government entities offer employees a choice between a traditional health insurance plan and
3 an HSA. The Council discussed staff time required to set up health insurance coverage for
4 individual employees. Councilman Averett suggested the City utilize the City's insurance
5 broker's resources for employee education to minimize staff time required. The Council
6 approved of Mr. Thacker's recommendation to renew the current medical insurance plan for FY
7 2015, with the intention of considering alternatives next year. The providers of dental insurance
8 and life/disability insurance, however, will change to achieve a reduction in cost for those
9 coverages.

Elected Official Compensation

10
11
12
13 City Code dictates that elected official compensation be reevaluated every four years.
14 Mr. Thacker presented inflation data since 2006, and comparative information for other cities in
15 Davis County and for Utah cities of similar size along the Wasatch Front. He recommended
16 City Council member salary increase from \$5,100 to \$6,000 per year and the Council consider
17 increasing the Mayor salary from \$12,000 to \$13,200. Councilman Wright commented he likes
18 the approach taken by Bountiful of providing a \$200 per month car allowance for Council
19 members. Several expressed support for increasing the Council member compensation to
20 approximate the average for Utah cities of similar size, or about \$7,500 per year. The Council
21 discussed the matter and agreed to consider it further at the next budget work session.

ADJOURNMENT

22
23
24
25 Mayor Cutler adjourned the work session at 6:51 p.m.
26
27
28
29

30
31 _____
32 Marsha L. Morrow, City Recorder
33
34
35

Date Approved

36
37 _____
Katie Rust, Recording Secretary

PRELIMINARY DRAFT

Minutes of the Centerville **City Council** meeting held Tuesday, May 20, 2014 at 7:00 p.m. in the Centerville City Hall Council Chambers, 250 North Main Street, Centerville, Utah.

MEMBERS PRESENT

Mayor Paul A. Cutler

Council Members Ken S. Averett
Tamilyn Fillmore
John T. Higginson
Stephanie Ivie
Lawrence Wright

STAFF PRESENT

Steve Thacker, City Manager
Lisa Romney, City Attorney
Jacob Smith, Management Assistant
Kevin Campbell, City Engineer
Katie Rust, Recording Secretary

STAFF ABSENT

Blaine Lutz, Finance Director/Assistant City Manager

VISITORS

Fred Philpot, Lewis Young Robertson & Burningham
Interested citizens (see attached sign-in sheet)

PLEDGE OF ALLEGIANCE

PRAYER OR THOUGHT

Councilman Lawrence Wright

YOUTH CITY COUNCIL

Lisa Summers, Youth Council Advisor, introduced the eight outgoing Youth Council members and recognized them for outstanding service: Brooke Larsen, Nena Fillmore, Samantha Kimball, Rebekah Cutler, Mikell Wilcox, Melissa Noble, Melissa Arnold, and Hope Newman. Brooke Larsen, Youth Mayor, reported on the Youth Council's 2013-2014 activities.

SUMMERFEST

Emma Dugal, representing the Bountiful Davis Arts Council, gave a visual presentation highlighting Bountiful Davis Arts Council 2013 activities, and invited Centerville residents to attend the Summerfest activities scheduled for August 6th-9th this year. Ms. Dugal expressed appreciation for Centerville's continued support of the festival.

OPEN SESSION

Dale McIntyre – Mr. McIntyre stated he feels the 2004 vote to commit Centerville to UTOPIA was done without a whole lot of input from the citizens of Centerville. He continued that the Council is now considering the Macquarie proposal, asking citizens to commit \$18-20 per month in a utility fee, with a promise that it will increase. He stated he does not think having only an eleven-member citizen committee comment to the Council is appropriate.

PRELIMINARY DRAFT

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Mayor Cutler responded that the Council welcomes additional input. A public question-and-answer open house will be held regarding UTOPIA and Macquarie on June 5th at 7:30 p.m. The Council will also hold a formal public hearing on June 17th, which he expects will be well attended. He remembers the original UTOPIA decision involving extensive public involvement over many months. The upcoming utility bill will contain an invitation to the June 5th open house and information about the June 17th public hearing.

Patricia Hedrick – Ms. Hedrick asked if there are alternatives to the Macquarie partnership. She suggested Centerville take over the debt itself, with citizens paying a “debt expense” of \$10 per month, as an alternative to outsourcing to Australia. She said she is not sure of the legality of charging citizens a fee for services they are not currently choosing to receive. Ms. Hedrick expressed the concern that Centerville could go bankrupt and she does not want to lose the City. She asked if there is a deadline for the Council's decision regarding Macquarie.

Mayor Cutler responded that no written alternatives have been received at this time, but he expects alternatives to eventually come from the private sector. The UTOPIA Finance Committee is studying the feasibility of a city separating itself from the other UTOPIA cities and what its relationship to the other cities would be. The Mayor added that Provo has done what she suggested with its debt expense, and it is an option the Council can consider. Macquarie's responses to the questions submitted by the City are available on the City website. June 26th is the deadline to decide if Centerville will continue to associate with Macquarie.

Lisa Sommer – Ms. Sommer, Director of the Whitaker Museum, reported on the success of the tea party held on Mother's Day weekend at the Whitaker Museum.

William Ince – Mr. Ince asked if the citizen advisory committee formed to discuss and advise the Council regarding the Macquarie proposal will continue to meet through further phases of the process.

Mayor Cutler responded the Committee will be reporting to the Council on June 3rd. He added that if the arrangement seems to function well he would be in favor of asking the Council to allow the citizen committee to continue working on the issue.

MINUTES REVIEW AND ACCEPTANCE

The minutes of the May 6, 2014 work session and regular City Council meeting were reviewed. Councilwoman Fillmore made a **motion** to approve both sets of minutes. Councilman Higginson seconded the motion, which passed by unanimous vote (5-0).

SUMMARY ACTION CALENDAR

- a. Commence warranty period for MTC Lot 2 Amended Subdivision
- b. Commence warranty period for Chitose Johnson Subdivision
- c. Consider Assignment Agreement between the City and Wal-Mart Real Estate Business Trust regarding Lot 1 of the Centerville Wal-Mart Subdivision and Planned Center

Councilman Averett made a **motion** to approve all three items on the Summary Action Calendar. Councilman Higginson seconded the motion, which passed by unanimous vote (5-0).

PROPOSED MACQUARIE/UTOPIA PUBLIC PRIVATE PARTNERSHIP

Mayor Cutler suggested the possibility of holding the public hearing on June 17th at the nearby elementary school if a large group of attendees is anticipated. He emphasized that the decision before the Council is whether or not to move forward with negotiations (i.e. to Milestone Two), not whether or not to impose a utility fee. Councilwoman Fillmore responded that attendance at the June 5th open house could help indicate the number of citizens to expect at the public hearing. Council members Ivie, Higginson, and Wright expressed support for holding the public hearing at City Hall. The Council discussed the desired format for the open house.

Mayor Cutler reported that at a recent meeting of UTOPIA mayors, about half of the mayors expressed confidence that their cities will move forward to the next phase. Mayor Cutler responded to a question from Councilwoman Ivie explaining that if a city decides to back out after moving forward with Milestone Two, it will be responsible to the other member cities for its portion of the Milestone One expense. Cities that decide to move forward with Milestone Two will be required to put 25% of the Milestone One expense in escrow. Councilwoman Fillmore stated she would like more details regarding Macquarie's economics and where their revenue would come from in the partnership. The Mayor responded that Macquarie will make money through the utility fee as long as they deliver the service as agreed. Division of the revenue from up-selling will be negotiated during Milestone Two. Macquarie has suggested a 30% up-selling take-rate as the baseline for success. The target would be a 50% uptake rate. If the network is not delivered as guaranteed, utility fees could be discounted. The way Macquarie has written the proposal, a lot of the risk is on the ISPs to perform. The Mayor explained possible profit-sharing models that have been discussed by the cities, and the fact that the different cities will be attracted to different models. Councilman Wright stated he is deeply concerned about getting involved in a utility fee model with the City functioning as collector. He also expressed concern with Macquarie's guaranteed profit through increases in the utility fee over time. Councilwoman Fillmore stated she feels it will be important to stress that the utility fee would make it possible for a majority of the community to save money and would put the City in a better financial position. Councilman Wright added that being trapped in a 30-year commitment regarding the utility fee also needs to be communicated.

The Council agreed to continue the discussion later in the meeting.

IDLE FREE ZONE CONCEPT

Councilwoman Fillmore introduced Becki Wright, a representative of the PTA at Stewart Elementary. Ms. Wright gave a presentation regarding the negative effects of idling vehicles. She recommended the Council authorize staff to:

- (1) give permission for idle free signs to be placed on public property in the city;
- (2) adopt a City-wide resolution in support of the initiative;
- (3) educate the public by promoting benefits of being idle free in the City newsletter;
- (4) allow signs to be posted in other drive-through locations throughout the city.

The signs that state "turn your key be idle free" are provided by Utah Clean Cities at no cost to the city. Councilman Wright stated he is in favor of any initiative that would benefit the community through education, as long as it does not involve an ordinance that would force citizens to comply. The Mayor expressed support for all four suggestions. Councilwoman Fillmore suggested Ms. Wright talk to businesses in the city as part of the education effort. Councilman Wright suggested the City draft a resolution as a show of support, but remain

PRELIMINARY DRAFT

1 sensitive to businesses that rely on drive-through business. The Mayor stated he would be
2 willing to sign a letter expressing the Council's support of the initiative to distribute to
3 businesses. Councilwoman Ivie mentioned that a lot of the idling at elementary schools is from
4 parents waiting to pick students up in extremely cold or hot weather. Ms. Wright responded the
5 signs may encourage parents to consider and accept a level of discomfort to save money and
6 improve air quality. Mayor Cutler recommended the City Council accept items 1-3, with item 4
7 to come over time.

8
9 Councilwoman Fillmore made a **motion** to support items 1-3 as suggested by Becki
10 Wright and direct staff to prepare a resolution, as well as a letter to the school district.
11 Councilman Wright seconded the motion, which passed by majority vote (4-1), with
12 Councilwoman Ivie dissenting. It was suggested that October would be an effective time to put
13 an insert in the City newsletter.

FINANCIAL REPORT

14
15
16
17 City Manager Thacker presented a financial report for the period ending April 30, 2014,
18 prepared by Blaine Lutz, Finance Director.

19
20 At 8:47 p.m. the Council took a short break and resumed at 8:54 p.m.

DRAINAGE SYSTEM IMPACT FEE AND RATE STUDY

21
22
23
24 Fred Philpot of Lewis Young Robertson & Burningham highlighted changes made to the
25 study and proposed impact fee and drainage utility rate since the presentation and discussion
26 held on May 6th. He presented a proposed impact fee with and without inflation. Mr. Philpot
27 suggested that, if the impact fee without inflation is adopted, the impact fee be updated regularly
28 to reflect changes in costs and inflation. The Council discussed the two options.

29
30 Councilwoman Fillmore made a **motion** to direct staff to move forward with
31 documentation required for an impact fee without inflation of \$3,911 per acre. Councilwoman
32 Ivie seconded the motion, which passed by unanimous vote (5-0).

33
34 Mr. Philpot explained that the pricing objectives for the utility rate were changed by
35 adding an assumption of equalized allocation of debt service and 90 days of working capital.
36 He presented three possible rate scenarios:

- 37
38 Scenario 1: No rate increase
39 Scenario 2: One-time 41% rate increase (no debt)
40 Scenario 3: Staggered increase of 20% in year one and 14% in year two, with annual
41 inflation increase (no debt)

42
43 The Council and staff discussed the proposed scenarios and the scheduled drainage
44 capital improvement projects. Kevin Campbell, City Engineer, stated that most of the projects
45 planned for the next five years focus on preparing for Main Street to be overlaid. Projects
46 related to I-15 are planned for 10-15 years out. He emphasized that timing the projects to
47 coincide with UDOT projects allows the City to take advantage of cost-sharing. Mr. Philpot
48 reminded the Council that the goal would be to complete the proposed project list with either
49 scenario.
50

PRELIMINARY DRAFT

1 Mayor Cutler stated he is not sure he would support such a large one-time rate increase.
2 He would be more in support of a 20% increase in the first year with an annual 3% increase in
3 following years. Council members Wright, Higginson, and Ivie expressed support for a one-time
4 increase. Councilman Wright argued that at the end of the six-year period, citizens pay less
5 under the one-time increase scenario. Councilman Averett expressed support for the staggered
6 increase with an annual inflation increase, arguing that it would be easier on the commercial
7 owners, with a minimal residential impact.
8

9 Councilwoman Fillmore made a **motion** directing staff to prepare documentation
10 regarding Scenario Two and Scenario Three to present to citizens in the Budget Newsletter.
11 Councilwoman Ivie seconded the motion. Councilman Wright asked the City Manager to
12 include an invitation for public comment via email in the Newsletter. Councilwoman Ivie added
13 that the names of citizens commenting should be required in the comment emails. The motion
14 passed by unanimous vote (5-0).
15

MAYOR'S REPORT

16
17
18 Mayor Cutler explained that the funding received from the County by the Fire Agency for
19 paramedic services does not cover the cost of providing paramedic services, and is not
20 equitable across the various entities providing services. The Fire Agency Board has asked the
21 County to adequately fund paramedic services. The Mayor stated he feels it is in the City's best
22 interest to encourage the County to help solve the paramedic services funding problem.
23 Councilman Wright suggested increasing the fee paid by users of the paramedic services.
24 Councilman Averett expressed concern that the response time of paramedic services is
25 increasing due to insufficient ambulances and paramedics.
26

CITY MANAGER'S REPORT

- 27
28
29
- 30 • Mr. Thacker reported that work on the Parrish/Main Intersection Project will cease by
31 noon on July 3rd to accommodate the 4th of July celebration.
 - 32 • Mr. Thacker recommended that the pedestrian walkway over I-15 scheduled to be
33 added at Parrish Lane should have a covering to improve usability and safety during
34 winter months, and to eliminate need to clear snow, noting that snow removal would
35 be problematic if not covered. The project budget includes a small amount for
36 aesthetics, but the City would need to pay for roofing or upgrades in fencing. The
37 pedestrian walkway will be within the RDA area, and the Council discussed the
38 possibility of paying for upgrades with RDA funds. Staff will prepare upgrade
39 options to present to the Council.
 - 40 • City Manager Thacker asked Council members to spend time on Parrish Lane during
41 the day and at night in the next month observing what they like and don't like about
42 the Parrish Lane corridor, and be prepared to report what they would like to see
43 happen on Parrish Lane long-term. This initial input would be the beginning of staff's
44 analysis of lighting in this corridor, but staff would like the Council to look at the
45 bigger picture as a beginning.

MISCELLANEOUS BUSINESS

- 46
47
48
- 49 • Councilwoman Fillmore reported on an opportunity available to Centerville officials
50 with Wasatch Front Regional Council (WFRC) to participate in two "Complete
Streets" training workshops. She stated it will allow the City to accomplish a goal the

PRELIMINARY DRAFT

1 City has had for some time with less staff time than would otherwise be involved.
2 Councilwoman Fillmore added that she feels having the WFRC's stamp of approval
3 will give Centerville an edge in working with UDOT. City reps will also attend another
4 workshop about street design to be held on July 1st. The City Manager will send
5 information about the July 1 workshop to the entire City Council.

- 6 • Councilman Wright stated he feels it would be helpful to continue the practice of
7 using social media to notify the community of possible high winds.
- 8 • Councilman Wright requested that a future agenda include an update from the
9 Citizen Corps Council. Mayor Cutler responded he would like Council members to
10 report on their responsibilities quarterly.
- 11 • Councilwoman Ivie stated she was recently approached by a citizen concerned that
12 Centerville recycling was being dumped at the general landfill. The citizen had
13 observed an Ace truck dumping at the Layton landfill. Councilman Higginson
14 responded that Centerville's contract with Ace specifies that Centerville recycling
15 goes to Salt Lake County. Centerville is not the only municipality that has contracted
16 with Ace. The Mayor suggested that if the citizen wrote down the truck number, staff
17 could research where that particular truck had been collecting.
- 18 • Councilwoman Ivie reported the Trails Committee is concerned about erosion
19 caused by ATV users on the hillside. The Committee intends to put up more signs to
20 try to limit erosion.

APPOINTMENTS

21
22
23
24 Mayor Cutler reported that Brian Holman has resigned from the Planning Commission.
25 The Mayor nominated William Ince to serve on the Planning Commission. Councilman Wright
26 made a **motion** to appoint William Ince to the Planning Commission. Councilman Higginson
27 seconded the motion, which passed by unanimous vote (5-0). The Mayor added that there is
28 one opening on the Board of Adjustments and one opening on the Parks and Recreation
29 Committee.

CONTINUED MACQUARIE/UTOPIA DISCUSSION

30
31
32
33 The Council closely reviewed portions of the Macquarie proposal regarding payment.
34 Lisa Romney, City Attorney, suggested that as the cities come up with their own models for
35 collecting the utility fee, it would make sense for them to all have a similar or uniform ordinance
36 to prevent the smaller cities from being open to individual law suits. She added that each city
37 would be able to come up with its own exclusions for hardship, but should remember that the
38 other citizens will be paying for those exclusions. The Council discussed the need for more
39 detail regarding performance driven payment. Councilman Wright expressed a desire to
40 understand the debt liability to the cities if Macquarie backs out at any time, and also expressed
41 concern that there would not be a regulatory entity to monitor Macquarie's performance and
42 increases in the utility fee. Mayor Cutler stated it is his understanding that a new interlocal
43 agreement would be put in place. Councilman Wright stated it is his understanding that if the
44 uptake rate is not high enough, the utility fee could be raised. Councilwoman Fillmore added
45 she understood that the utility fee and the rate of increase would be set in the contract.
46 Councilman Wright responded that in addition to the set rate of increase there are several
47 conditions that would lead to an increase in the utility fee. Ms. Romney stated she did not
48 remember any mention of a utility fee increase linked to the take rate.
49

PRELIMINARY DRAFT

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1 Councilwoman Ivie expressed disapproval that Macquarie does not seem to have any
2 risk in the partnership. Mayor Cutler responded that their risk lies in delivering on budget and
3 on time. He agreed that the build and operating components do not have a lot of risk. The
4 Mayor stated the risk is shifted to the wholesaler. There would be a lot of risk to the cities and
5 the ISPs, and some risk for Macquarie related to the amount of wholesale revenue they would
6 take. Councilman Wright pointed out that the citizens become the risk takers, and he does not
7 like the idea of putting government in the role of collector. He stated that even though
8 Centerville will be paying on the debt for another 27 years, the debt is a UTOPIA debt, and
9 UTOPIA should be required to pay Centerville back. Councilman Wright said it is his
10 understanding that if Centerville backed out, and other cities went forward with Macquarie, they
11 would still provide Centerville with service. He feels there is something inherently wrong in
12 forcing everyone to be connected whether they want it or not.
13

14 Councilman Wight suggested the UTOPIA Board should formally request proposals from
15 other companies to fully represent the interests of the citizens. Mayor Cutler said that if
16 Centerville chooses not to continue with Macquarie, and other cities do, Centerville will still be
17 responsible for the debt payment, which increases 2% per year. The Council discussed the
18 option of adding an assessment for debt payment to each citizen's utility bill.
19

20 Councilwoman Fillmore suggested the Council take into consideration what many
21 citizens are willing to pay and already do pay for services every month and look at how much
22 they would save with the Macquarie partnership. Council members Wright and Ivie disagreed.
23 Councilman Wright said the Macquarie partnership would involve government making the
24 decision for everyone. Councilwoman Fillmore said she would like data regarding what
25 Centerville residents currently pay for services. She stated an important question is whether it
26 should be considered basic, essential infrastructure. Councilman Wright countered that a lot of
27 people use their phones as hotspots for internet access, and UTOPIA should not be considered
28 the only option. Councilwoman Ivie argued that the internet is mostly used for entertainment,
29 and is not life supporting or essential. She stated that many citizens are already struggling to
30 pay for vital, essential utilities.
31

32 Mayor Cutler pointed out that many people view high-speed service as critical
33 infrastructure for a high quality of life. He feels that both viewpoints can coexist. He pointed out
34 that the City's drainage utility is expensive and provides benefit, but not everyone views it as
35 essential. The Mayor stated he does not think the utility fee is the best approach, but there are
36 not a lot of other options at this time. Councilman Averett asked if they know how much it would
37 cost to walk away from the partnership and levy a utility fee to pay off the existing debt. He was
38 answered it would cost approximately \$8 per month per household. Mayor Cutler stated he
39 believes there will eventually be a proposal that does not involve a utility fee. Council members
40 Wright and Ivie emphasized they are not in favor of a ubiquitous utility fee. Mayor Cutler stated
41 he would entertain the idea of a utility fee if citizens gain a lot of benefit and the debt is taken
42 care of creating a more stable financial situation. The details of the Macquarie partnership will
43 be worked out in Milestone Two. To put the cost of the Macquarie study in perspective,
44 Councilwoman Fillmore asked staff how much the City pays for independent consultant
45 services. Mr. Thacker responded that the drainage study recently completed cost \$20,000 for
46 LYRB's services. Councilwoman Fillmore stated she would argue that this issue is even more
47 important than the drainage study.
48

PRELIMINARY DRAFT

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ADJOURNMENT

At 10:42 p.m. Councilwoman Ivie made a **motion** to adjourn the meeting. Councilman Wright seconded the motion, which passed by unanimous vote (5-0).

Marsha L. Morrow, City Recorder

Date Approved

Katie Rust, Recording Secretary

CENTERVILLE CITY COUNCIL

Staff Backup Report 6/3/2014

Item No. 2.

Short Title: Summary Action Calendar

Initiated By:

Scheduled Time: 7:15

SUBJECT

- a. Consider Master Utility Agreement between the City and UDOT for the Relocation of City Facilities in Conjunction with the I-15 South Davis County Project
- b. Award bid to Great Basin Development in the amount of \$206,044 for labor and to Mountain States Supply in the amount of \$133,247.51 and Dura Crete in the amount of \$3,971.04 for materials (both materials bids include tax) for the Oakridge and 500 East Waterline Replacements Project
- c. Award bid to Great Basin Development in the amount of \$35,087 for labor and to HD Supply Waterworks in the amount of \$9,630.28 (includes tax) for materials for the Miscellaneous Water Lateral Project.
- d. Award bid to Merlin Daines, Inc. in the amount of \$39,900 for labor and to Mountain States Supply in the amount of \$29,621.33 (includes tax) for construction of the Pasture waterline

RECOMMENDATION

- a. Approve Master Utility Agreement between the City and UDOT for the Relocation of City Facilities in Conjunction with the I-15 South Davis County Project.
- b. Award bid to Great Basin Development in the amount of \$206,044 for labor and to Mountain States Supply in the amount of \$133,247.51 and Dura Crete in the amount of \$3,971.04 for materials (both materials bids include tax) for the Oakridge and 500 East Waterline Replacements Project.
- c. Award bid to Great Basin Development in the amount of \$35,087 for labor and to HD Supply Waterworks in the amount of \$9,630.28 (includes tax) for materials for the Miscellaneous Water Lateral Project.
- d. Award bid to Merlin Daines, Inc. in the amount of \$39,900 for labor and to Mountain States Supply in the amount of \$29,621.33 (includes tax) for construction of the Pasture waterline, contingent upon payment of the appropriate deposit by the developer.

BACKGROUND

- a. UDOT is working on improvements to I-15 (adding an express lane and replacing bridges and interchanges) in the South Davis Corridor. As part of this project, UDOT may need to relocate some City facilities within the project area (such as fire hydrants, fencing, etc.) and has asked the

City to enter into a Master Utility Agreement regarding such relocations. Pursuant to State statute, UDOT is responsible to pay 100% of the cost of relocating any of the City facilities impacted by the I-15 South Davis Project. UDOT has also agreed to reimburse the City for any outside engineering fees incurred by the City. Staff recommends approval of the proposed Master Utility Agreement.

b. The Oakridge and 500 East Waterline Replacements Project includes the upgrade of a 6-inch main on Oakridge to a 14-inch main and upgrade of a main on 500 East. This is the original scope of work, which is funded by the 2012 Water Revenue Bonds. This bid award, however, also includes the upgrade of a second water main on Oakridge--from 6 inches to 10 inches. This portion is funded from other water fund revenues designated for non-bond projects. When taking into account labor, materials, engineering and contingency, the original scope of work will cost an estimated \$310,000 compared with the amount of \$330,000 identified in the water bond issue for this purpose. The additional work (i.e. the second water main upgrade on Oakridge Drive) will cost an estimated \$58,076 (labor, materials, engineering and contingency) and will be funded from a yearly amount of \$150,000 built into the Water Fund revenue structure for "pay-as-you-go" projects identified as needed from year to year.

c. The Miscellaneous Water Lateral Project is also funded from the \$150,000 per year in the Water Fund for "pay-as-you-go" projects, other than a small portion to be paid by the developer of Ford Canyon Lot 419.

d. The Pasture Waterline Project is for Craig Salmon's commercial development west of I-15 and is to be paid entirely by the developer.

ATTACHMENTS:

Description

- D [UDOT Master Utility Agreement](#)
- D [Oakridge Drive waterline bid \(labor\)](#)
- D [Oakridge Drive waterline bid \(materials\)](#)
- D [Miscellaneous waterlines bid \(labor\)](#)
- D [Miscellaneous waterlines bid \(materials\)](#)
- D [Pasture waterline bid \(labor\)](#)
- D [Pasture waterline bid \(materials\)](#)

CENTERVILLE CITY MASTER UTILITY AGREEMENT

THIS MASTER AGREEMENT, made and entered into this ____ day of _____, 20____, by and between the **UTAH DEPARTMENT OF TRANSPORTATION**, hereinafter referred to as "**UDOT**", and the **CENTERVILLE CITY**, a political subdivision of the State of Utah, hereinafter referred to as the "**City**",

WITNESSETH:

WHEREAS, **UDOT** is preparing to request proposals for and award a design-build contract for the highway project identified as, S-I15-7(312)312, I-15; South Davis County Operational Upgrades in Davis County, Utah, hereinafter referred to as the "Project"; and

WHEREAS, the Design-Build Contractor will complete the design and administer construction of the project. Said project contractor will hereinafter be referred to as the "Contractor"; and

WHEREAS, **UDOT** has identified **City** owned facilities within the limits of the Project which may necessitate the relocation, protection or adjustment of said facilities; and

WHEREAS, future Supplemental Agreements to this document will be entered into covering design and construction work to be accomplished on behalf of the **City** by the Contractor at specific Project locations.

THIS AGREEMENT is made to set out the terms and conditions where under said work shall be performed.

NOW THEREFORE, it is agreed by and between the parties hereto as follows:

1. **PROJECT RESPONSIBLE FOR COST**

In accordance with Utah Code Section 72-6-116(3) (a) (ii), **UDOT** is responsible for 100% of the cost of relocation of **City's** facilities for those costs that comply with 23 CFR 645 Subpart A.

2. **CONTACT INFORMATION**

UDOT's contact persons for the Project is Thomas Roylance, **UDOT** Resident Engineer, 166 West Southwell Street, Ogden Utah, 84404, Telephone Number (801) 622-1581, troylance@utah.gov or his designated representative as assigned, hereinafter referred to as "**UDOT** Project Representative" and Tucker Doak, **UDOT** Region Utility and Railroad Coordinator, Telephone No. (801) 620-1660 jdoak@utah.gov

City's contact person is Steve Thacker, 250 North Main Street Centerville, Utah 84014. The telephone number is (801) 295-3477.

Upon being awarded the project, **UDOT** will provide the **City** with contact information for their Project Representative, hereinafter referred to as "Contractor Project Representative".

3. **PROJECT COORDINATION**

It is the desire of the City and **UDOT** to have the **Contractor** include in the Project, items of work for relocating and adjusting **City's** facilities in accordance with the provisions of the Federal Highway Administration's 23 CODE OF FEDERAL REGULATIONS, Part 645, Subpart A, Utility Relocations, Adjustments and Reimbursement.

During the development of the Project design, the **City** and **UDOT** shall consult as necessary in an effort to determine if conflicts with the **City's** facilities can be avoided. If relocation or protection of the **City's** facilities is required by the Project, **UDOT** will be responsible to identify the extent of the conflicts and to design, coordinate with other utility companies, and to construct the relocation or protection of the **City's** facilities in accordance with the **City's** Construction Specifications.

4. **SUPPLEMENTAL AGREEMENTS**

UDOT and the **City** shall enter into Supplemental Agreements to cover utility relocation work for specific segments of the work or at specific project locations. As part of the Supplemental Agreement, **UDOT** will provide design plans for review and approval prior to start of work. A copy of the format of the proposed Supplemental Agreements is marked "EXHIBIT A", attached hereto and thereby made a part hereof.

In the event there are changes in the scope of the work, extra work, or changes in the planned work covered by a Supplemental Agreement, a modification to the Supplemental Agreement approved in writing by the parties hereto is required prior to the start of work on said changes or additions.

5. **PROJECT REQUIREMENTS**

UDOT will inform the Contractor in the Request for Proposals of the following **City** requirements:

- A. During pile driving and construction of footings for structures, the **City's** facilities must be protected. Any settlement of a cast iron pipe could cause damage. Some lines can be isolated or valves can be added to isolate a section of line.
- B. This Project is subject to federal Buy America requirements. Materials composed predominantly of iron or steel that are permanently incorporated into the work done on behalf of the **City** are subject to 23 CFR 635.410, Buy America requirements.
- C. Follow the City Code and use the City's Standards and Specifications for any utility relocation.

6. **RIGHT OF WAY**

Any easements or replacement right of way required in conjunction with the relocation of **City's** facilities will be acquired by **UDOT** on behalf of the **City** in accordance with the requirements of Utah Administrative Code R930-7 and 23 CFR 645.

7. **UDOT TO NOTIFY CITY**

UDOT, through its Project Representative, will notify the **City** at least forty-eight (48) hours in advance of **UDOT's** contractor performing any work covered herein.

8. **INSPECTION**

The **City** shall provide on-call engineering support by **City's** Engineer or appropriate representative for plan review, schedule coordination, or to correct or clarify issues during construction, and to perform the necessary inspection for the **City's** work installed by the contractor. The **City** engineer and/or inspector shall work with and through **UDOT's** Project Manager or Project Representative and shall give no orders directly to **UDOT's** Contractor unless authorized in writing to do so. It is agreed that **UDOT** will accomplish the work covered herein on **City's** facilities in accordance with the plans and specifications provided and/or approved by the **City**, including changes or additions to said plans and specifications which are approved by the parties hereto. The **City**, through its inspection of said work, will provide **UDOT's** Project Manager or Project Representative with information covering any problems or concerns the **City** may have with acceptance of said facilities upon completion of construction.

The **City** is not relieved of its duty to inspect its relocated facilities to ensure compliance with the applicable standards if **UDOT** performs any periodic plan and specification review or construction inspection.

9. **CITY TO NOTIFY UDOT**

City's personnel shall notify **UDOT's** Project Representative upon arriving and leaving the project site for verification of work performed for reimbursement purposes. **City's** personnel will comply with all applicable OSHA and project safety requirements while within the project limits.

10. **DAILY RECORDKEEPING**

UDOT, through its Project Representative, will keep daily records of the work performed by the **City**. The type of form to be used shall be signed by **UDOT's** Project Representative, the **City** and/or their authorized representatives as required. Copy of said record form shall be retained by all parties to this agreement.

11. **REIMBURSEMENT**

The **City** will not be reimbursed by **UDOT** for costs incurred by **City** personnel for preliminary engineering, plan review, observation, inspection and operation of valves performed as part of their regularly assigned duties. Should it become necessary for the **City** to procure outside services to perform preliminary engineering, plan review, observation, or inspection to accommodate **UDOT's** work and project schedule, the **City** shall notify **UDOT**. The **City** may procure outside services through appropriate solicitation, and **UDOT** will reimburse the cost of said services by Supplemental Agreement and as provided in this Agreement.

12. **SUBMITTAL OF ITEMIZED BILLS**

The **City** shall submit itemized bills covering the actual costs incurred for outside services to perform preliminary engineering, plan review, oversight and inspection work covered herein bearing the project number together with supporting sheets and/or one final and complete billing of all actual costs incurred within sixty days (60) following completion of the work by the **City** on **UDOT's** project to **UDOT's** Contract Estimates and Agreements Specialist, otherwise previous payments to the **City** may be considered final, except as agreed to between the parties hereto in advance. **UDOT's** Project Representative will review said billings, give verification of the work performed and forward said billings to **UDOT's** Construction Office for processing. **UDOT** will reimburse the **City** within sixty (60) days after receipt of said billings but only for items complying fully with the provisions of 23 CODE OF FEDERAL REGULATIONS, Part 645, Subpart A, Utility Relocations, Adjustments and Reimbursement. Failure on the part of the **City** to submit final billings within six (6) months will result in **UDOT's** disallowance of that portion of work performed by the **City**.

13. **RIGHT TO AUDIT**

UDOT shall have the right to audit all cost records and accounts of the **City** pertaining to this project in accordance with the auditing procedure of the Federal Highway Administration and 23 CODE OF FEDERAL REGULATIONS, Part 645, Subpart A, Utility Relocations, Adjustments and Reimbursement. Should this audit disclose that the **City** has been underpaid, the **City** will be reimbursed by **UDOT** upon submission of additional billing to cover the underpayment. Should this audit disclose that the **City** has been overpaid, the **City** will reimburse **UDOT** in the amount of the overpayment. For purpose of audit the **City** is required to keep and maintain its records of work covered herein for a minimum of three (3) years after final payment is received by the **City** from **UDOT**.

14. **SALVAGED MATERIALS**

All materials from **City's** existing facilities which are recovered by the Contractor while performing the work covered herein and not reused on this project shall become the property of said highway Contractor unless otherwise agreed to in advance by the parties hereto.

15. **BETTERMENTS**

No Betterments have been requested by the **City** prior to execution of this Agreement. If, at a future date, the **City** desires to include a betterment to its facilities as part of the Project and the betterment can be reasonably accommodated without delaying **UDOT's** Project, the work will be the subject of a separate Betterment Agreement between **UDOT** and the **City**.

16. **MAINTENANCE**

The **City** agrees that, upon completion of construction to accept, own, and maintain the facilities covered herein at no further cost to **UDOT**. **UDOT** agrees that the **City** shall be the sole owner of the facilities upon completion of the project. To the extent it may lawfully do so, **City** further agrees to relieve **UDOT** from any responsibility or liability that may result from its new facilities or the operation thereof.

17. **ACCESS**

It is understood that access for maintenance and servicing of **City's** property located on the right of way of said project will be permitted only by permit issued by **UDOT** to the **City**, and that the **City** will obtain said permit and abide by conditions thereof for policing and other controls in conformance with Utah Administrative Code 930-7, Utility Accommodation, a copy of which is available at <http://www.udot.utah.gov/main/uconowner.qf?n=12354903739949949>

18. **INDEMNIFICATION**

UDOT and the **City** are both governmental entities subject to the Governmental Immunity Act. Each party agrees to indemnify, defend, and save harmless the other from and against all claims, suits and costs, including attorneys' fees for injury or damage of any kind, arising out of its negligent acts, errors or omissions of its officers, agents, contractors or employees in the performance of this agreement, and from and against all claims, suits, and costs, including attorneys' fees for injury or damage of any kind. Nothing in this paragraph is intended to create additional rights to third parties or to waive any of the provisions of the Governmental Immunity Act. The obligation to indemnify is limited to the dollar amounts set forth in the Governmental Immunity Act, provided said Act applies to the action or omission giving rise to the protections in this paragraph. The indemnification in this paragraph shall survive the expiration or termination of this Agreement.

19. **MISCELLANEOUS**

a. Each party agrees to undertake and perform all further acts that are reasonably necessary to carry out the intent and purpose of the Agreement at the request of the other party.

b. This Agreement in no way creates any type of agency relationship, joint venture, or partnership between **UDOT** and **City**.

c. This Agreement shall be deemed to be made under and shall be governed by the laws of the State of Utah in all respects. Each person signing this Agreement warrants that the person has full legal capacity, power and authority to execute this Agreement for and on behalf of the respective party and to bind such party. This Agreement may be executed in one or more counterparts, each of which shall be an original, with the same effect as if the signatures were made upon the same instrument. This Agreement may be delivered by facsimile or electronic mail.

.....
IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their duly authorized officers as of the day and year first above-written.

ATTEST:

Centerville City,
a Political Subdivision of the State of Utah

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

(IMPRESS SEAL)

RECOMMENDED FOR APPROVAL:

UTAH DEPARTMENT OF TRANSPORTATION

Utility & Railroad Coordinator
Date: _____

By: _____
Region Director
Date: _____

APPROVED AS TO FORM:

UDOT COMPTROLLER'S OFFICE:

Renee Spooner,
Assistant Attorney General
UDOT Counsel

By: _____
Contract Administrator
Date: _____

Draft Date: May 21, 2014

Marsha Morrow

From: matt robertson <matt.robertson@esieng.com>
Sent: Thursday, May 29, 2014 3:47 PM
To: Steve Thacker
Cc: kevin campbell; Mike Carlson; Marsha Morrow
Subject: Oakridge Drive and 500 East Waterlines - NOA
Attachments: 00 51 00 Notice of Award #13-166.pdf; #13-166 Bid Tabulation (Revised Amounts).pdf

Steve,

Bids were received on May 16 for the Oakridge and 500 East Waterline Replacements project. After the bids were received it was decided to eliminate the stretch of waterline on Barnard Street that was in the original bid. The bid amounts were adjusted to reflect this change and the results were as follows:

- | | |
|-----------------------------|---------------------|
| 1. Great Basin Development: | \$206,044.40 |
| 2. Kapp Construction: | \$238,400.10 |
| 3. Ormond Construction: | \$293,644.70 |
| <i>Engineer's Estimate:</i> | <i>\$197,132.00</i> |

We recommend that the contract be awarded to Great Basin Development for \$206,044.40. We received pre-qualification packets from these contractors and checked their references and Great Basin is qualified to complete this project. Attached are the NOA and the bid tabulation, let me know if there are questions.

Thanks,

Matt Robertson, E.I.T.
ESI Engineering, Inc.
3500 South Main St.
Salt Lake City, UT 84115
801.263.1752 (office)
801.644.6680 (mobile)
www.esieng.com



BID TABULATION FOR CENTERVILLE CITY

Note: All culinary and irrigation waterline pipe and parts will be furnished by Centerville City

Oakridge Drive and 500 East Waterline Replacement - #13-166				Engineer's Estimate		Great Basin Dev.		Kapp Construction		Ormond Construction	
Item No.	Description	Amounts	Units	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
1	Install 10" PVC C900 waterline pipe including tracer wire	1,295	LF	\$12.00	\$15,540.00	\$8.00	\$10,360.00	\$16.80	\$21,756.00	\$14.60	\$18,907.00
2	Install 6" PVC C900 waterline pipe including tracer wire	110	LF	\$12.00	\$1,320.00	\$8.00	\$880.00	\$16.80	\$1,848.00	\$15.00	\$1,650.00
3	Install 14" ductile iron class 350 waterline pipe	1,230	LF	\$15.00	\$18,450.00	\$10.00	\$12,300.00	\$18.95	\$23,308.50	\$16.50	\$20,295.00
4	Install 3/4" copper water service line from main to existing meter including removal of old service	450	LF	\$10.00	\$4,500.00	\$12.00	\$5,400.00	\$23.80	\$10,710.00	\$19.00	\$8,550.00
5	Install 1" copper water service line from main to existing meter including removal of old service	30	LF	\$10.00	\$300.00	\$12.00	\$360.00	\$23.80	\$714.00	\$19.00	\$570.00
6	Install 10" x 3/4" saddle and corp. stop and connect new or existing service line	16	Each	\$225.00	\$3,600.00	\$213.00	\$3,408.00	\$389.00	\$6,224.00	\$475.00	\$7,600.00
7	Install 14" x 3/4" saddle and corp. stop and connect new or existing service line	12	Each	\$350.00	\$4,200.00	\$225.00	\$2,700.00	\$425.00	\$5,100.00	\$475.00	\$5,700.00
8	Install 14" x 1" saddle and corp. stop and connect new or existing service line	1	Each	\$350.00	\$350.00	\$125.00	\$125.00	\$425.00	\$425.00	\$475.00	\$475.00
9	Install 6" x 1" saddle and corp. stop and connect new or existing service line	1	Each	\$225.00	\$225.00	\$200.00	\$200.00	\$389.00	\$389.00	\$450.00	\$450.00
10	Install new 1" meter box and yoke assembly	1	Each	\$250.00	\$250.00	\$469.00	\$469.00	\$216.00	\$216.00	\$475.00	\$475.00
11	Remove and relocate existing 3/4" meter box to back of sidewalk	1	Each	\$500.00	\$500.00	\$460.00	\$460.00	\$360.00	\$360.00	\$475.00	\$475.00
12	Remove and replace 3/4" meter yoke assembly	29	Each	\$250.00	\$7,250.00	\$350.00	\$10,150.00	\$216.00	\$6,264.00	\$475.00	\$13,775.00
13	Install fire hydrant assembly with thrust block	4	Each	\$750.00	\$3,000.00	\$400.00	\$1,600.00	\$625.00	\$2,500.00	\$950.00	\$3,800.00
14	Install 10" x 6" tee with thrust block	2	Each	\$200.00	\$400.00	\$200.00	\$400.00	\$152.00	\$304.00	\$312.00	\$624.00
15	Install 14" x 6" tee with thrust block	2	Each	\$250.00	\$500.00	\$250.00	\$500.00	\$243.00	\$486.00	\$408.00	\$816.00
16	Install 10" x 10" tee with thrust block	1	Each	\$250.00	\$250.00	\$225.00	\$225.00	\$152.00	\$152.00	\$360.00	\$360.00

Oakridge Drive and 500 East Waterline Replacement - #13-166				Engineer's Estimate		Great Basin Dev.		Kapp Construction		Ormond Construction	
Item No.	Description	Amounts	Units	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
17	Install 10" 11-1/4° bend with thrust block	3	Each	\$150.00	\$450.00	\$175.00	\$525.00	\$152.00	\$456.00	\$240.00	\$720.00
18	Install 10" 22-1/2° bend with thrust block	1	Each	\$150.00	\$150.00	\$175.00	\$175.00	\$152.00	\$152.00	\$240.00	\$240.00
19	Install 10" 45° bend with thrust block	1	Each	\$150.00	\$150.00	\$175.00	\$175.00	\$152.00	\$152.00	\$240.00	\$240.00
20	Install 10" 90° bend with thrust block	1	Each	\$175.00	\$175.00	\$200.00	\$200.00	\$152.00	\$152.00	\$240.00	\$240.00
21	Install 14" 90° bend with thrust block	1	Each	\$25.00	\$25.00	\$250.00	\$250.00	\$267.00	\$267.00	\$336.00	\$336.00
22	Install 14" 11-1/4° bend with thrust block	1	Each	\$200.00	\$200.00	\$225.00	\$225.00	\$267.00	\$267.00	\$240.00	\$240.00
23	Install 14" x 10" reducer	2	Each	\$150.00	\$300.00	\$125.00	\$250.00	\$179.00	\$358.00	\$288.00	\$576.00
24	Install 10" x 6" reducer	1	Each	\$150.00	\$150.00	\$100.00	\$100.00	\$100.00	\$100.00	\$192.00	\$192.00
25	Install 6" 90° bend with thrust block	1	Each	\$150.00	\$150.00	\$210.00	\$210.00	\$152.00	\$152.00	\$144.00	\$144.00
26	Install 6" gate valve and valve box	4	Each	\$150.00	\$600.00	\$200.00	\$800.00	\$388.00	\$1,552.00	\$500.00	\$2,000.00
27	Install 10" gate valve and valve box	4	Each	\$175.00	\$700.00	\$325.00	\$1,300.00	\$388.00	\$1,552.00	\$525.00	\$2,100.00
28	Install 14" gate valve and valve box	1	Each	\$200.00	\$200.00	\$350.00	\$350.00	\$467.00	\$467.00	\$775.00	\$775.00
29	Install 6" sleeve including tie-in to existing line	3	Each	\$500.00	\$1,500.00	\$500.00	\$1,500.00	\$853.00	\$2,559.00	\$1,200.00	\$3,600.00
30	Install 10" sleeve including tie-in to existing line	2	Each	\$1,000.00	\$2,000.00	\$980.00	\$1,960.00	\$853.00	\$1,706.00	\$1,400.00	\$2,800.00
31	Install 10" plug with thrust block	1	Each	\$125.00	\$125.00	\$225.00	\$225.00	\$142.00	\$142.00	\$200.00	\$200.00
32	Install 2" blow-off on 10" plug and install 24 LF of 2" PVC line to daylight in gutter	1	Lump Sum	\$500.00	\$500.00	\$675.00	\$675.00	\$528.00	\$528.00	\$900.00	\$900.00
33	Cut existing 6" waterline and install 6" plug with thrust block	1	Each	\$350.00	\$350.00	\$275.00	\$275.00	\$514.00	\$514.00	\$375.00	\$375.00
34	Remove existing 10" 90° bend and thrust block and install 14" x 10" tee with thrust block	1	Each	\$750.00	\$750.00	\$860.00	\$860.00	\$1,793.00	\$1,793.00	\$570.00	\$570.00
35	Remove existing 10" tee and thrust block and connect to existing 10" AC line with 10" sleeve	1	Each	\$1,000.00	\$1,000.00	\$1,100.00	\$1,100.00	\$1,705.00	\$1,705.00	\$1,500.00	\$1,500.00

Oakridge Drive and 500 East Waterline Replacement - #13-166				Engineer's Estimate		Great Basin Dev.		Kapp Construction		Ormond Construction	
Item No.	Description	Amounts	Units	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
36	Cap abandoned waterline with concrete	12	Each	\$100.00	\$1,200.00	\$100.00	\$1,200.00	\$142.00	\$1,704.00	\$45.00	\$540.00
37	Loop 14" waterline under storm drain including bends and thrust blocking as per detail	1	Each	\$2,000.00	\$2,000.00	\$1,950.00	\$1,950.00	\$2,185.00	\$2,185.00	\$1,800.00	\$1,800.00
38	Loop 10" waterline under storm drain including bends and thrust blocking as per detail	1	Each	\$1,500.00	\$1,500.00	\$1,650.00	\$1,650.00	\$2,185.00	\$2,185.00	\$1,200.00	\$1,200.00
39	Install new Pressure Reducing Valves and concrete vault as per detail (vault to be delivered and placed by City's supplier)	1	Each	\$3,000.00	\$3,000.00	\$4,700.00	\$4,700.00	\$7,454.00	\$7,454.00	\$2,100.00	\$2,100.00
40	Pressure test new waterlines including temporary caps and thrust blocks of waterline as necessary	1	Lump Sum	\$1,500.00	\$1,500.00	\$1,200.00	\$1,200.00	\$4,330.00	\$4,330.00	\$2,950.00	\$2,950.00
41	Remove and salvage existing fire hydrant and valve to Public Works	5	Each	\$350.00	\$1,750.00	\$200.00	\$1,000.00	\$213.00	\$1,065.00	\$550.00	\$2,750.00
42	Expose existing buried 6" water valve and raise to grade	1	Each	\$500.00	\$500.00	\$425.00	\$425.00	\$467.00	\$467.00	\$225.00	\$225.00
43	Remove existing valve box	6	Each	\$150.00	\$900.00	\$125.00	\$750.00	\$72.00	\$432.00	\$75.00	\$450.00
44	Remove existing valve and valve box	1	Each	\$400.00	\$400.00	\$450.00	\$450.00	\$288.00	\$288.00	\$275.00	\$275.00
45	verify new waterline alignment (potholing of other utility crossings not included)	10	Each	\$250.00	\$2,500.00	\$165.00	\$1,650.00	\$248.00	\$2,480.00	\$185.00	\$1,850.00
46	Remove and replace curb and gutter	90	LF	\$25.00	\$2,250.00	\$28.00	\$2,520.00	\$30.30	\$2,727.00	\$35.00	\$3,150.00
47	Remove and replace sidewalk	300	SF	\$6.00	\$1,800.00	\$7.75	\$2,325.00	\$9.40	\$2,820.00	\$8.50	\$2,550.00
48	Remove and replace concrete waterway	80	SF	\$10.00	\$800.00	\$18.00	\$1,280.00	\$18.25	\$1,460.00	\$15.00	\$1,200.00
49	Pulverize or excavate and haul away existing asphalt (average thickness 5") including saw-cut	200	CY	\$40.00	\$8,000.00	\$54.00	\$10,800.00	\$12.60	\$2,520.00	\$48.00	\$9,600.00
50	Asphalt patching including saw-cut as needed (3/4" HMA AC-20, 5" thick installed in 3" and 2" lift)	400	TN	\$75.00	\$30,000.00	\$96.00	\$38,400.00	\$84.00	\$33,600.00	\$137.71	\$55,084.00
51	Excavate and haul away existing concrete street (ave. thickness 6") including saw-cut	15	CY	\$80.00	\$1,200.00	\$105.00	\$2,925.00	\$175.50	\$2,632.50	\$162.50	\$2,437.50
52	Excavate and haul away native material	1,038	CY	\$7.50	\$7,785.00	\$8.30	\$8,615.40	\$8.75	\$9,082.50	\$9.90	\$10,276.20

Oakridge Drive and 500 East Waterline Replacement - #13-166				Engineer's Estimate		Great Basin Dev.		Kapp Construction		Ormond Construction	
Item No.	Description	Amounts	Units	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
53	Excavate, stockpile and backfill with granular native material (4" minus) including compaction	952	CY	\$5.00	\$4,760.00	\$5.00	\$4,760.00	\$2.00	\$1,904.00	\$1.00	\$952.00
54	Import gravel bedding for fire hydrants and PRV vault	10	TN	\$20.00	\$200.00	\$19.00	\$190.00	\$25.00	\$250.00	\$29.00	\$290.00
55	Import sand bedding including compaction	1,297	TN	\$10.00	\$12,970.00	\$12.00	\$15,564.00	\$10.80	\$14,007.60	\$17.00	\$22,049.00
56	Import untreated base course including compaction	1,038	TN	\$14.00	\$14,532.00	\$16.00	\$16,608.00	\$13.25	\$13,753.50	\$17.00	\$17,646.00
57	Restore landscaping as needed	1	Lump Sum	\$1,000.00	\$1,000.00	\$2,600.00	\$2,600.00	\$4,200.00	\$4,200.00	\$4,350.00	\$4,350.00
58	Traffic Control	1	Lump Sum	\$3,000.00	\$3,000.00	\$2,150.00	\$2,150.00	\$6,675.00	\$6,675.00	\$2,400.00	\$2,400.00
59	Mobilization	1	Lump Sum	\$12,000.00	\$12,000.00	\$7,190.00	\$7,190.00	\$13,670.00	\$13,670.00	\$17,200.00	\$17,200.00
	Base Bid Subtotal (Items 1-59)			\$185,657.00		\$191,594.40		\$227,222.60		\$265,594.70	
ALTERNATE BID ITEM											
60	Replace concrete street (6" thick) as per detail	850	SF	\$13.50	\$11,475.00	\$17.00	\$14,450.00	\$13.15	\$11,177.50	\$33.00	\$28,050.00
	Total Bid w/ Alternate Item (Items 1-60)			\$197,132.00		\$208,044.40		\$238,400.10		\$293,644.70	

Water Line for OAKRIDGE WATER LINE PROJECT 2014
Project # 13-166

BID RESULTS FOR OAKRIDGE WATER LINE PROJECT 2014
May 15, 2014

- | | | |
|----|----------------------------|--------------|
| 1. | Mountain States Supply | \$124,472.22 |
| 2. | Ferguson | \$133,203.22 |
| 3. | WR White | \$136,247.13 |
| 4. | Western Water Works Supply | \$136,595.39 |
| 5 | HD Supply | \$137,639.35 |

We have reviewed the bid for materials from Mountain States Supply for \$133,247.51, which includes tax. We recommend awarding this bid to Mountain States Supply and find they meet all of the specifications.

Respectfully submitted,

Michael Carlson
Water Department Supervisor

MC/sd

Water Line for OAKRIDGE WATER LINE PROJECT 2014
Project # 13-166

BID RESULTS FOR OAKRIDGE WATER LINE PROJECT 2014
May 15, 2014

- | | | |
|----|------------------|------------|
| 1. | Dura Crete | \$3,728.00 |
| | | |
| 2. | OldCastle | \$3,951.97 |
| | | |
| 3. | No Other Bidders | |
| | | |
| 4. | | |
| | | |
| 5 | | |

We have reviewed the bid for materials from Dura Crete for \$3971.04, which includes tax. We recommend awarding this bid to Dur Crete and find they meet all of the specifications.

Respectfully submitted,

Michael Carlson
Water Department Supervisor

MC/sd

Marsha Morrow

From: matt robertson <matt.robertson@esieng.com>
Sent: Thursday, May 29, 2014 2:48 PM
To: Steve Thacker
Cc: kevin campbell; Mike Carlson; Marsha Morrow
Subject: Misc. Water Laterals 2014 - NOA
Attachments: 00 51 00 Notice of Award #13-169.pdf; Bid Tabulation 13-169.pdf

Steve,

Bids were opened on May 16 for the Miscellaneous Water Laterals 2014 project. The results were as follows:

- | | |
|-----------------------------|--------------------|
| 1. Great Basin Development: | \$35,087.00 |
| 2. Wasatch West Excavating: | \$40,482.00 |
| 3. Kapp Construction: | \$46,349.25 |
| 4. F&D Engineering: | \$49,217.50 |
| 5. Ormond Construction: | \$55,659.28 |
| <i>Engineer's Estimate:</i> | <i>\$47,390.00</i> |

We recommend that the contract be awarded to Great Basin for \$35,087.00. They are a qualified contractor and are completing the Oakridge Waterline project for the City as well. Attached are the NOA and the bid tabulation, let me know if there are questions.

Thanks,

Matt Robertson, E.I.T.
ESI Engineering, Inc.
3500 South Main St.
Salt Lake City, UT 84115
801.263.1752 (office)
801.644.6680 (mobile)
www.esieng.com



BID TABULATION FOR CENTERVILLE CITY

Note: All culinary and irrigation waterline pipe and parts will be furnished by Centerville City

Miscellaneous Water Laterals 2014 - #13-169				Engineer's Estimate		Great Basin Dev.		Wasatch West		Kapp Construction		F&D Engineering		F&D Engineering	
Item No.	Description	Amounts	Units	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
Pages Lane Lateral Replacements															
1	Sawcut, remove and replace asphalt (5" thick)	350	SF	\$6.00	\$2,100.00	\$9.25	\$3,237.50	\$10.60	\$3,710.00	\$6.90	\$2,415.00	\$4.15	\$1,452.50	\$14.52	\$5,082.00
2	Install 8" x 3/4" saddle on existing AC waterline	2	EA	\$400.00	\$800.00	\$480.00	\$960.00	\$495.00	\$990.00	\$480.00	\$960.00	\$375.00	\$750.00	\$500.00	\$1,000.00
3	Install 3/4" copper water service	100	LF	\$10.00	\$1,000.00	\$12.00	\$1,200.00	\$4.40	\$440.00	\$9.75	\$975.00	\$30.00	\$3,000.00	\$22.00	\$2,200.00
4	Install 3/4" meter box and yoke assembly	3	EA	\$500.00	\$1,500.00	\$300.00	\$900.00	\$288.00	\$864.00	\$550.00	\$1,650.00	\$600.00	\$1,800.00	\$350.00	\$1,050.00
5	Remove existing curb valve and valve box	1	EA	\$250.00	\$250.00	\$65.00	\$65.00	\$198.00	\$198.00	\$165.00	\$165.00	\$300.00	\$300.00	\$150.00	\$150.00
6	Connect new 3/4" copper lateral to existing lateral with 3/4" coupling	5	EA	\$150.00	\$750.00	\$125.00	\$625.00	\$128.00	\$640.00	\$110.00	\$550.00	\$100.00	\$500.00	\$100.00	\$500.00
7	Pothole existing saddle on water main to verify condition of saddle and lateral	2	EA	\$500.00	\$1,000.00	\$450.00	\$900.00	\$640.00	\$1,280.00	\$645.00	\$1,290.00	\$800.00	\$1,600.00	\$250.00	\$500.00
8	Remove and replace 6" x 3/4" saddle on existing 6" PVC	2	EA	\$400.00	\$800.00	\$260.00	\$520.00	\$209.00	\$418.00	\$110.00	\$220.00	\$800.00	\$1,600.00	\$600.00	\$1,200.00
9	Excavate and haul away native material	35	CY	\$20.00	\$700.00	\$13.00	\$455.00	\$14.65	\$512.75	\$9.00	\$315.00	\$20.00	\$700.00	\$1.00	\$35.00
10	Excavate, stockpile and backfill w/ native material	30	CY	\$10.00	\$300.00	\$10.00	\$300.00	\$9.00	\$270.00	\$1.00	\$30.00	\$20.00	\$600.00	\$1.00	\$30.00
11	Import sand bedding including compaction	40	TN	\$20.00	\$800.00	\$12.00	\$480.00	\$11.15	\$446.00	\$14.25	\$570.00	\$19.00	\$760.00	\$25.00	\$1,000.00
12	Import roadbase including compaction	30	TN	\$20.00	\$600.00	\$16.00	\$480.00	\$14.60	\$438.00	\$16.60	\$498.00	\$27.00	\$810.00	\$25.00	\$750.00
13	Remove and replace curb and gutter	10	LF	\$30.00	\$300.00	\$35.00	\$350.00	\$90.00	\$900.00	\$75.50	\$755.00	\$40.00	\$400.00	\$50.00	\$500.00
14	Remove and replace sidewalk	32	SF	\$10.00	\$320.00	\$11.00	\$352.00	\$29.00	\$928.00	\$18.20	\$582.40	\$15.00	\$480.00	\$15.00	\$480.00
15	Tunnel new lateral under curb and gutter and sidewalk	3	EA	\$150.00	\$450.00	\$60.00	\$240.00	\$175.00	\$525.00	\$110.00	\$330.00	\$350.00	\$1,050.00	\$230.00	\$690.00
16	Restore landscaping including new sod and sprinkler repair (approx. 350 SF)	1	Lump Sum	\$1,000.00	\$1,000.00	\$525.00	\$525.00	\$1,090.00	\$1,090.00	\$650.00	\$650.00	\$200.00	\$200.00	\$525.00	\$525.00
Subtotal (Items 1-16)					\$12,670.00		\$11,849.50		\$13,649.75		\$11,955.40		\$16,002.50		\$15,692.00
600 South 700 East Valve Replacement															
17	Remove and replace asphalt (4" thick)	64	SF	\$5.00	\$320.00	\$9.25	\$592.00	\$28.70	\$1,836.80	\$19.55	\$1,251.20	\$15.00	\$960.00	\$14.52	\$929.28
18	Remove and replace 6" gate valve and valve box on existing 6" CI waterline	1	EA	\$1,000.00	\$1,000.00	\$1,100.00	\$1,100.00	\$193.00	\$193.00	\$675.00	\$675.00	\$1,750.00	\$1,750.00	\$1,200.00	\$1,200.00
19	Install 6" sleeve to tie into existing line	1	EA	\$250.00	\$250.00	\$125.00	\$125.00	\$320.00	\$320.00	\$675.00	\$675.00	\$700.00	\$700.00	\$350.00	\$350.00
20	Excavate and haul away native material	6	CY	\$20.00	\$120.00	\$13.00	\$78.00	\$51.75	\$310.50	\$17.50	\$105.00	\$50.00	\$300.00	\$1.00	\$6.00
21	Excavate, stockpile and backfill w/ native material	6	CY	\$10.00	\$60.00	\$10.00	\$60.00	\$32.00	\$192.00	\$8.85	\$53.10	\$30.00	\$180.00	\$1.00	\$6.00
22	Import sand bedding including compaction	10	TN	\$20.00	\$200.00	\$12.00	\$120.00	\$14.85	\$148.50	\$19.90	\$199.00	\$25.00	\$250.00	\$25.00	\$250.00
23	Import roadbase including compaction	5	TN	\$20.00	\$100.00	\$16.00	\$80.00	\$13.70	\$68.50	\$46.50	\$232.50	\$40.00	\$200.00	\$25.00	\$125.00
Subtotal (Items 17-23)					\$2,050.00		\$2,158.00		\$3,069.30		\$3,190.80		\$4,340.00		\$2,866.28
250 East & 300 East 1100 North - New Water Meters															
24	Remove existing curb valve and valve box	20	EA	\$250.00	\$5,000.00	\$25.00	\$1,300.00	\$165.00	\$3,300.00	\$165.00	\$3,300.00	\$150.00	\$3,000.00	\$150.00	\$3,000.00

Miscellaneous Water Laterals 2014 - #13-169				Engineer's Estimate		Great Basin Dev.		Wasatch West		Kapp Construction		F&D Engineering		F&D Engineering	
Item No.	Description	Amounts	Units	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
25	including connection to existing copper service	20	EA	\$600.00	\$12,000.00	\$350.00	\$7,000.00	\$165.00	\$3,300.00	\$478.00	\$9,560.00	\$400.00	\$8,000.00	\$450.00	\$9,000.00
26	Install new 3/4" copper lateral	100	LF	\$10.00	\$1,000.00	\$12.00	\$1,200.00	\$3.00	\$300.00	\$9.75	\$975.00	\$20.00	\$2,000.00	\$22.00	\$2,200.00
27	Connect new 3/4" copper lateral to existing lateral with 3/4" coupling	20	EA	\$150.00	\$3,000.00	\$125.00	\$2,500.00	\$9.65	\$193.00	\$110.00	\$2,200.00	\$50.00	\$1,000.00	\$100.00	\$2,000.00
28	Excavate, stockpile and backfill with native material	60	CY	\$10.00	\$600.00	\$10.00	\$600.00	\$3.25	\$195.00	\$8.75	\$525.00	\$20.00	\$1,200.00	\$1.00	\$60.00
29	Excavate and haul away native material	10	CY	\$20.00	\$200.00	\$13.00	\$130.00	\$23.50	\$235.00	\$10.65	\$106.50	\$17.00	\$170.00	\$1.00	\$10.00
30	Import sand bedding including compaction	30	TN	\$20.00	\$600.00	\$12.00	\$360.00	\$9.30	\$279.00	\$14.20	\$426.00	\$20.00	\$600.00	\$25.00	\$750.00
31	Restore landscaping including new sod and sprinkler repair (approx. 500 SF)	1	Lump Sum	\$1,000.00	\$1,000.00	\$750.00	\$750.00	\$1,500.00	\$1,500.00	\$1,400.00	\$1,400.00	\$500.00	\$500.00	\$2,000.00	\$2,000.00
Subtotal (Items 24-31)					\$23,400.00		\$13,640.00		\$9,302.00		\$18,492.50		\$16,470.00		\$19,020.00
Ford Canyon Lot 419 Fire Hydrant															
32	Cut existing 6" waterline in street and install 6" fitting plug on existing tee	1	Lump Sum	\$750.00	\$750.00	\$775.00	\$775.00	\$310.00	\$310.00	\$675.00	\$675.00	\$600.00	\$600.00	\$1,200.00	\$1,200.00
33	Plug abandoned 6" line with concrete	2	EA	\$150.00	\$300.00	\$50.00	\$100.00	\$110.00	\$220.00	\$210.00	\$420.00	\$100.00	\$200.00	\$50.00	\$100.00
34	Install 14" x 6" tapping tee on existing waterline including thrust block	1	EA	\$1,500.00	\$1,500.00	\$1,200.00	\$1,200.00	\$708.00	\$708.00	\$1,150.00	\$1,150.00	\$1,200.00	\$1,200.00	\$2,200.00	\$2,200.00
35	Install 6" C900 PVC waterline with locator wire	12	LF	\$25.00	\$300.00	\$12.00	\$144.00	\$20.50	\$246.00	\$17.55	\$210.60	\$60.00	\$720.00	\$28.00	\$336.00
36	Remove existing fire hydrant and thrust block and salvage for re-use	1	EA	\$500.00	\$500.00	\$350.00	\$350.00	\$245.00	\$245.00	\$325.00	\$325.00	\$2,100.00	\$2,100.00	\$600.00	\$600.00
37	Install 6" gate valve and valve box	1	EA	\$200.00	\$200.00	\$250.00	\$250.00	\$220.00	\$220.00	\$495.00	\$495.00	\$600.00	\$600.00	\$250.00	\$250.00
38	Install fire hydrant assembly including thrust block	1	EA	\$800.00	\$800.00	\$700.00	\$700.00	\$245.00	\$245.00	\$730.00	\$730.00	\$2,700.00	\$2,700.00	\$1,500.00	\$1,500.00
39	Excavate and haul away native material	10	CY	\$20.00	\$200.00	\$13.00	\$130.00	\$23.50	\$235.00	\$10.50	\$105.00	\$29.00	\$290.00	\$1.00	\$10.00
40	Excavate and backfill with native material	14	CY	\$5.00	\$70.00	\$10.00	\$140.00	\$13.75	\$192.50	\$3.80	\$53.20	\$30.00	\$420.00	\$1.00	\$14.00
41	Import sand bedding including compaction	15	TN	\$20.00	\$300.00	\$12.00	\$180.00	\$9.90	\$148.50	\$14.25	\$213.75	\$30.00	\$450.00	\$25.00	\$375.00
42	Import untreated base course including compaction	5	TN	\$20.00	\$100.00	\$16.00	\$80.00	\$13.50	\$67.50	\$46.60	\$233.00	\$25.00	\$125.00	\$25.00	\$125.00
43	Remove and replace asphalt (4" thick) including saw-cut	50	SF	\$10.00	\$500.00	\$9.25	\$462.50	\$34.50	\$1,725.00	\$25.00	\$1,250.00	\$16.00	\$800.00	\$14.52	\$726.00
44	Restore landscaping including new sod and sprinkler repair (approx. 100 SF)	1	Lump Sum	\$250.00	\$250.00	\$200.00	\$200.00	\$933.00	\$933.00	\$300.00	\$300.00	\$200.00	\$200.00	\$375.00	\$375.00
Subtotal (Items 32-44)					\$5,770.00		\$4,711.50		\$5,495.50		\$6,160.55		\$10,405.00		\$7,811.00
Miscellaneous															
45	Traffic Control	1	Lump Sum	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$4,010.45	\$4,010.45	\$2,000.00	\$2,000.00	\$1,000.00	\$1,000.00	\$4,050.00	\$4,050.00
46	Mobilization	1	Lump Sum	\$2,500.00	\$2,500.00	\$1,831.00	\$1,831.00	\$4,955.00	\$4,955.00	\$4,550.00	\$4,550.00	\$1,000.00	\$1,000.00	\$6,220.00	\$6,220.00
Subtotal (Items 45-46)					\$3,500.00		\$2,831.00		\$8,965.45		\$6,550.00		\$2,000.00		\$10,270.00
Total Bid (Items 1-46)					\$47,390.00		\$35,887.00		\$40,482.00		\$46,349.25		\$49,217.50		\$55,659.28

Miscellaneous Water Line bid and Ford Canyon Lot 419 Bids 2014
Project # 13-169 and 13-076

BID RESULTS FOR Miscellaneous Water and Ford Canyon Lot 419 Projects 2014
May 15, 2014

- | | | |
|----|-----------------------|-------------|
| 1. | HD Supply Waterworks | \$9,012.90 |
| 2. | Mountain State Supply | \$9,102.60 |
| 3. | Ferguson | \$9,380.39 |
| 4. | WR White | \$9,404.50 |
| 5 | Western Waterworks | \$10,015.22 |

We have reviewed the bid for materials from HD Supply for \$9630.28, which includes tax. We recommend awarding this bid to HD Supply and find they meet all of the specifications.

****Note, 5% handling will be added on Ford Canyon lot 419 at the time of final billing, not included of the above.**
Respectfully submitted,

Michael Carlson
Water Department Supervisor

MC/sd

Marsha Morrow

From: matt robertson <matt.robertson@esieng.com>
Sent: Thursday, May 29, 2014 2:39 PM
To: Steve Thacker
Cc: kevin campbell; Mike Carlson; Marsha Morrow
Subject: The Pasture Waterline - NOA
Attachments: 00 51 00 Notice of Award #13-171.pdf; #13-171 Bid Tabulation.pdf

Steve,

Bids were opened this morning for The Pasture Waterline project. The bid results are as follows:

- | | |
|-----------------------------|--------------------|
| 1. Merlin Daines Inc.: | \$39,900.00 |
| 2. Kapp Construction: | \$41,835.50 |
| 3. Ormond Construction: | \$42,343.00 |
| 4. Allied Construction: | \$61,844.55 |
| <i>Engineer's Estimate:</i> | <i>\$45,920.00</i> |

We recommend that the contract be awarded to Merlin Daines Inc (MDI) for \$39,900.00. We have reviewed their qualifications and they seem qualified to complete the work. They are also the contractor on-site doing the utility and site work for Craig Salmon. Attached are the NOA and the bid tabulation, let me know if there are any questions. It is noted on the NOA that the award is contingent upon the City receiving payment from the Developer for the work.

Thanks,

Matt Robertson, E.I.T.
ESI Engineering, Inc.
3500 South Main St.
Salt Lake City, UT 84115
801.263.1752 (office)
801.644.6680 (mobile)
www.esieng.com



BID TABULATION FOR CENTERVILLE CITY

Note: All culinary waterline pipe and parts will be furnished by Centerville City

The Pasture Waterline - Project #13-171				Engineer's Estimate		MDI Excavation		Kapp Construction		Ormond Construction		Allied Construction	
Item No.	Description	Amounts	Units	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
1	Install 12" PVC C900 waterline pipe w/ tracer wire	580	LF	\$15.00	\$8,700.00	\$8.00	\$5,220.00	\$10.00	\$5,800.00	\$15.80	\$9,164.00	\$16.00	\$9,280.00
2	Install 8" PVC C900 waterline pipe w/ tracer wire	60	LF	\$15.00	\$900.00	\$8.00	\$480.00	\$10.00	\$600.00	\$19.00	\$1,140.00	\$24.00	\$1,440.00
3	Install 6" PVC C900 waterline pipe w/ tracer wire	80	LF	\$15.00	\$1,200.00	\$8.00	\$640.00	\$10.00	\$800.00	\$19.00	\$1,520.00	\$23.00	\$1,840.00
4	Install 1" copper water service	70	LF	\$15.00	\$1,050.00	\$6.00	\$420.00	\$10.00	\$700.00	\$20.00	\$1,400.00	\$18.00	\$1,260.00
5	Install 1" meter box and yoke assembly	1	Each	\$250.00	\$250.00	\$300.00	\$300.00	\$460.00	\$460.00	\$500.00	\$500.00	\$350.00	\$350.00
6	Install 1-1/2" poly water service w/ tracer wire	10	LF	\$12.00	\$120.00	\$10.00	\$100.00	\$10.00	\$100.00	\$25.00	\$250.00	\$29.10	\$291.00
7	Install 1-1/2" double meter box w/ (2) 1" yoke assemblies	1	Each	\$500.00	\$500.00	\$425.00	\$425.00	\$850.00	\$850.00	\$700.00	\$700.00	\$800.00	\$800.00
8	Install fire hydrant assembly with thrust block	3	Each	\$750.00	\$2,250.00	\$900.00	\$2,700.00	\$825.00	\$2,475.00	\$875.00	\$2,625.00	\$1,375.00	\$4,125.00
9	Install 12" gate valve and valve box	1	Each	\$200.00	\$200.00	\$400.00	\$400.00	\$420.00	\$420.00	\$550.00	\$550.00	\$550.00	\$550.00
10	Install 8" gate valve and valve box	2	Each	\$150.00	\$300.00	\$300.00	\$600.00	\$420.00	\$840.00	\$500.00	\$1,000.00	\$500.00	\$1,000.00
11	Install 6" gate valve and valve box	4	Each	\$150.00	\$600.00	\$200.00	\$800.00	\$420.00	\$1,680.00	\$270.00	\$1,080.00	\$500.00	\$2,000.00
12	Install 12" x 8" tapping tee with thrust block	1	Each	\$1,500.00	\$1,500.00	\$500.00	\$500.00	\$1,905.00	\$1,905.00	\$1,450.00	\$1,450.00	\$1,896.00	\$1,896.00
13	Install 8" x 6" tee with thrust block	1	Each	\$250.00	\$250.00	\$300.00	\$300.00	\$170.00	\$170.00	\$325.00	\$325.00	\$495.00	\$495.00
14	Install 12" x 6" tee with thrust block	2	Each	\$350.00	\$700.00	\$400.00	\$800.00	\$170.00	\$340.00	\$375.00	\$750.00	\$575.00	\$1,150.00
15	Cut existing waterline and connect with 12" 90° bend	1	Each	\$250.00	\$250.00	\$600.00	\$600.00	\$1,205.00	\$1,205.00	\$900.00	\$900.00	\$1,876.00	\$1,876.00
16	Plug abandoned waterline with concrete	1	Each	\$750.00	\$750.00	\$200.00	\$200.00	\$490.00	\$490.00	\$45.00	\$45.00	\$400.00	\$400.00
17	Install 6" 90° bend with thrust block	1	Each	\$250.00	\$250.00	\$350.00	\$350.00	\$170.00	\$170.00	\$225.00	\$225.00	\$450.00	\$450.00
18	Install 8" x 6" reducer	1	Each	\$100.00	\$100.00	\$200.00	\$200.00	\$106.00	\$106.00	\$300.00	\$300.00	\$125.00	\$125.00
19	Install 12" x 6" reducer	1	Each	\$150.00	\$150.00	\$250.00	\$250.00	\$106.00	\$106.00	\$190.00	\$190.00	\$175.00	\$175.00
20	Install 12" x 1" saddle and corp. stop	1	Each	\$250.00	\$250.00	\$200.00	\$200.00	\$460.00	\$460.00	\$275.00	\$275.00	\$140.00	\$140.00

The Pasture Waterline - Project #13-171				Engineer's Estimate		MDI Excavation		Kapp Construction		Ormond Construction		Allied Construction	
Item No.	Description	Amounts	Units	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
21	Install 8" x 1-1/2" saddle and corp. stop	1	Each	\$200.00	\$200.00	\$200.00	\$200.00	\$460.00	\$460.00	\$325.00	\$325.00	\$140.00	\$140.00
22	Install 6" plug with thrust block	1	Each	\$250.00	\$250.00	\$350.00	\$350.00	\$155.00	\$155.00	\$150.00	\$150.00	\$435.00	\$435.00
23	Excavate and haul away native material	500	CY	\$8.00	\$4,000.00	\$10.00	\$5,000.00	\$9.00	\$4,500.00	\$1.75	\$875.00	\$8.00	\$4,000.00
24	Import sand bedding including compaction	325	TN	\$15.00	\$4,875.00	\$15.00	\$4,875.00	\$10.85	\$3,526.25	\$11.40	\$3,705.00	\$11.94	\$3,880.50
25	Import granular fill including compaction	435	TN	\$15.00	\$6,525.00	\$10.00	\$4,350.00	\$10.85	\$4,719.75	\$11.40	\$4,959.00	\$12.75	\$5,546.25
26	Import untreated base course including compaction	30	TN	\$20.00	\$600.00	\$20.00	\$600.00	\$13.25	\$397.50	\$18.00	\$540.00	\$20.96	\$628.80
27	Remove and replace asphalt (5" thick)	320	SF	\$10.00	\$3,200.00	\$9.50	\$3,040.00	\$6.25	\$2,000.00	\$10.00	\$3,200.00	\$10.30	\$3,296.00
28	Pressure test new waterlines	1	Lump Sum	\$1,500.00	\$1,500.00	\$600.00	\$600.00	\$2,600.00	\$2,600.00	\$700.00	\$700.00	\$1,300.00	\$1,300.00
29	Mobilization	1	Lump Sum	\$4,500.00	\$4,500.00	\$5,400.00	\$5,400.00	\$3,800.00	\$3,800.00	\$3,500.00	\$3,500.00	\$12,975.00	\$12,975.00
Total Bid w/ Alternate Item (Items 1-59)					\$45,920.00		\$39,900.00		\$41,835.50		\$42,343.00		\$61,844.55

Water Line for Pastures Water line 2014 Project # 13-171

BID RESULTS FOR: Pastures Waterline 2014

May 15, 2014

- | | | |
|----|------------------------|-------------|
| 1. | Mountain States Supply | \$27,670.65 |
| 2. | HD Supply | \$28,551.84 |
| 3. | WR White WaterWorks | \$28,589.78 |
| 4. | Ferguson | \$28,674.96 |
| 5 | Western Water Works | \$29,506.43 |

We have reviewed the bid for materials from Mountain States Supply for \$2,9621.33, which includes tax. We recommend awarding this bid to Mountain States Supply and find they meet all of the specifications.

****Note, 5% handling fee will be added at the time of final billing. It's not included in the above total.****

Respectfully submitted,

Michael Carlson
Water Department Supervisor

MC/sd

CENTERVILLE CITY COUNCIL

Staff Backup Report 6/3/2014

Item No. 3

Short Title: FY 2015 Tentative Budget

Initiated By:

Scheduled Time: 7:20

SUBJECT

- a. Staff Report
- b. Public hearing on Centerville City FY 2015 Tentative Budget, including compensation of elected and appointed officials and Justice Court Judge
- c. Adjourn to RDA meeting for public hearing on RDA FY 2015 Tentative Budget

RECOMMENDATION

Allow the City Manager to summarize some key elements of the Tentative Budget and explain the proposed changes in compensation for elected and appointed officials. Then conduct a public hearing on the Centerville City FY 2015 Tentative Budget. Following this public hearing, adjourn into an RDA meeting to conduct a public hearing on the RDA's FY 2015 Tentative Budget.

BACKGROUND

State law requires each city to conduct a public hearing on its Tentative Budget. This document, including a Budget Message, is available for public review on the City's website. Any changes in compensation proposed for elected or statutory appointed officials must also be a subject of a public hearing. The City Council will discuss proposed compensation changes in the work session prior to the regular meeting. Therefore, during the City Manager's report prior to the public hearing, he will explain the proposed compensation changes based on the outcome of the earlier work session.

The City Council may make changes to the Tentative Budget prior to final adoption on June 17.

REDEVELOPMENT AGENCY OF CENTERVILLE CITY AGENDA

NOTICE IS HEREBY GIVEN THAT THE CENTERVILLE CITY COUNCIL WILL HOLD ITS REDEVELOPMENT AGENCY OF CENTERVILLE MEETING AT 7:30 PM ON June 3, 2014 AT THE CENTERVILLE CITY COMMUNITY CENTER AND CITY HALL COUNCIL CHAMBERS, 250 NORTH MAIN STREET, CENTERVILLE, UTAH. THE AGENDA IS SHOWN BELOW.

Meetings of the City Council of Centerville City may be conducted via electronic means pursuant to Utah Code Ann. 52-4-207, as amended. In such circumstances, contact will be established and maintained via electronic means and the meeting will be conducted pursuant to the Electronic Meetings Policy established by the City Council for electronic meetings.

Centerville City, in compliance with the Americans With Disabilities Act, provides accommodations and auxiliary communicative aids and services for all those citizens in need of assistance, including hearing devices. Persons requesting these accommodations for City-sponsored public meetings, services, programs, or events should call Blaine Lutz, Centerville Finance Director, at 295-3477, giving at least 24 hours notice prior to the meeting.

A notebook containing supporting materials for the business agenda items is available for public inspection and review at City Hall and will be available for review at the meeting . Upon request, a citizen may obtain (without charge) the City Manager's memo summarizing the agenda business , or may read this memo on the City's website: <http://centervillepublic.novusagenda.com/> .

Tentative - The times shown below are tentative and are subject to change during the meeting.

Time:

A. NEW BUSINESS

1. Minutes Review and Acceptance
May 6, 2014 meeting
2. FY 2015 Tentative RDA Budget
 - a. Public hearing on the FY 2015 Tentative Budget for the Centerville Redevelopment Agency

B. ADJOURNMENT

Steve H. Thacker
Executive Director

CENTERVILLE CITY COUNCIL

Staff Backup Report 6/3/2014

Item No. 4.

Short Title: UTOPIA/Macquarie Proposal and Related Matters

Initiated By:

Scheduled Time: 7:50

SUBJECT

- a. Report from Centerville UTOPIA Fiber Utility Advisory Committee
- b. Presentation from resident
- c. Other related information
- d. Discussion

RECOMMENDATION

Receive an interim report from the Advisory Committee. Following this, Council Members Wright and Ivie has asked for some time to allow George McEwan, a Centerville resident, to make a presentation on the Macquarie proposal. Mayor Cutler and Blaine Lutz--the City's reps on the UIA and UTOPIA boards--may have other information to share about the study of the Macquarie proposal or other alternatives. The agenda assumes the Council will then discuss these matters. Staff will also need direction on preparations for the June 5 open house regarding the Macquarie proposal.

BACKGROUND

The Executive Summary of the Macquarie Milestone One report is attached. It is also available on the City website, along with the full report, Questions & Answers, and other informational material.

ATTACHMENTS:

Description

- D Milestone one exec summary

UTOPIA Network PPP



UTOPIA Network PPP: Milestone One Report
Macquarie Capital

FINAL VERSION – EXECUTIVE SUMMARY

APRIL 29, 2014

IMPORTANT NOTICE

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By accepting this document you hereby acknowledge that you are aware and that you will advise your representatives that the federal and state securities laws prohibit any person who has material, non-public information about a company from purchasing or selling securities of such a company or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.

You may not rely upon this document in evaluating the merits of participating in any transaction referred to herein. This document contains selected information and does not purport to be all-inclusive or to contain all of the information that may be relevant to your participation in any such transaction. This document does not constitute and should not be interpreted as either a recommendation or advice, including investment, financial, legal, tax or accounting advice. Any decision with respect to participation in any transaction described herein should be made based solely upon appropriate due diligence of each party.

Future results are impossible to predict. Opinions and estimates offered in this presentation constitute our judgement and are subject to change without notice, as are statements about market trends, which are based on current market conditions. This document includes forward-looking statements that represent our opinions, expectations, beliefs, intentions, estimates or strategies regarding the future, which may not be realized. These statements may be identified by the use of words like "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "will," "should," "seek," and similar expressions. The forward-looking statements reflect our views and assumptions with respect to future events as of the date of this document and are subject to risks and uncertainties. Actual and future results and trends could differ materially from those described by such statements due to various factors that are beyond our ability to control or predict. Given these uncertainties, you should not place undue reliance on the forward-looking statements. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

We believe the information provided herein is reliable, as of the date hereof, but do not warrant its accuracy or completeness. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Without limiting the generality of the foregoing, no audit or review has been undertaken by an independent third party of the financial assumptions, data, results, calculations and forecasts contained, presented or referred to in this document. You should conduct your own independent investigation and assessment as to the validity of the information contained in this document and the economic, financial, regulatory, legal, taxation, stamp duty and accounting implications of that information. Except as required by law, Macquarie and its respective directors, officers, employees, agents and consultants make no representation or warranty as to the accuracy or completeness of the information contained in this document, and take no responsibility under any circumstances for any loss or damage suffered as a result of any omission, inadequacy, or inaccuracy in this document.

Nothing in this document contains a commitment from Macquarie Capital to subscribe for securities, to provide debt, to arrange any facility, to invest in any way in any transaction described herein or is otherwise imposing any obligation on Macquarie Capital. Macquarie Capital does not guarantee the performance or return of capital from investments. Any participation by Macquarie Capital in any transaction would be subject to its internal approval process.

Any securities in a consortium vehicle or acquisition company would not be registered under the U.S. Securities Act of 1933 (the "Act") and may only be offered in a transaction that is not subject to or that is exempt from registration under the Act. Investors must have the financial ability and willingness to accept the risks, including the loss of the investment and lack of liquidity. Any such securities would not be able to be resold, transferred or otherwise disposed of in the U.S. unless registered under the Act or pursuant to an available exemption from registration.

None of the entities noted in this document are authorized deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

CIRCULAR 230 DISCLOSURE

Macquarie Capital does not provide any tax advice. Any tax statement herein regarding any US federal income tax is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding any penalties. Any such statement herein was written to support the marketing or promotion of the transaction(s) or matter(s) to which the statement relates. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

1. EXECUTIVE SUMMARY

Macquarie Capital ("Macquarie") and First Solutions P3 Alliance ("First Solutions") have significantly advanced our plan for the completion and long term operation of the Utah Telecommunications Open Infrastructure Agency ("UTOPIA") and Utah Infrastructure Agency ("UIA", and together with UTOPIA, the "Agencies") fiber to the premises network since execution of the Pre-Development Agreement ("PDA") in December 2013 and are pleased to present this Milestone One Draft Proposal to the Agencies' member cities (the "Cities").

1.1 The Proposal

Macquarie's proposal has been structured specifically to achieve the Agencies' key objectives of providing a ubiquitous, open access network that increases competition and choice in the Cities, while eliminating the network's existing operating deficit and defraying existing debt service obligations.

Furthermore, the Macquarie proposal reduces transaction execution risk for the Cities, and transfers development, financing, operating and maintenance risk to the private sector, all while maintaining ultimate ownership of the network.

MACQUARIE'S MILESTONE ONE PROPOSAL

PROJECT NETWORK

- Open access, active ethernet network providing a ubiquitous last mile gigabit fiber connection to all addresses in the Cities
- Network portal will be installed on outside of standalone addresses (eg, single family homes), and in telecommunications closet of multiple dwelling units ("MDU") and multi-tenant commercial buildings
- Internet service providers ("ISPs") will be responsible for completing connections inside the premises

PROJECT STRUCTURE

- Utility fee-based public-private partnership ("PPP") with 30 year term
- PPP will build the network on a fixed-price, date certain basis within approximately 30 months of financial close
- PPP will operate, maintain and refresh the network for 30 years on a fixed price basis subject to strict performance standards
- Wholesaler will manage ISP relationships and help market the network
- ISPs will service end users directly with little involvement from PPP or Wholesaler
- PPP and Wholesaler will assume UTOPIA operating deficit from close

UTILITY FEE

- Each address will be charged a utility fee, which is a direct reflection of the expected cost of building, operating, maintaining, and financing the network for 30 years
- Preliminary range of \$18-20 per address per month
 - Escalated annually at a mutually agreeable index
 - Addresses in MDUs to receive 50% discount
 - Business addresses to be charged 100% premium
- Grace period of up to 6 months from construction to allow time for ISPs to

MACQUARIE'S MILESTONE ONE PROPOSAL

	connect users
BASIC SERVICE	- Symmetrical basic service of up to 3 Mbps with a 20GB data cap available for free to all addresses - ISPs operating on the network will be required to provide the basic service for free in exchange for ability to market premium services to users
PREMIUM SERVICES	- ISPs will compete to provide premium data, voice and video offerings to network users - ISPs will be charged transport fees related to the provision of premium services - These revenues will then be split between the Agencies, the Wholesaler and the PPP, with the significant majority going to the Agencies

Macquarie has extensively reviewed alternative implementation options and transaction structures, and believes that delivery of the project as an availability PPP will create the best value for the Cities.

1.2 Key Proposal Benefits

Macquarie feels its proposal achieves the following key benefits.

KEY PROPOSAL BENEFITS	
ACHIEVABLE SOLUTION	- Independent review of the proposed business model supports its feasibility - Positive feedback from lenders suggests appetite for funding
RISK TRANSFER	- Cities will not be required to contribute funding to the project's development - All design-build, integration and ongoing operating and maintenance risks are transferred to the PPP - The PPP will be required to operate the network to well-defined specifications - Proposed upside sharing mechanism ensures alignment of interests between all parties
FINANCIAL UPSIDE FOR CITIES	- Premium service revenues, assuming long-term upgrade rates of 30-50%, expected to total \$1.0-1.5 billion over the term - Equivalent to approximately 2-3 times the existing debt service obligations - Cities retain ownership of network assets and, upon handback at the end of the term, will receive an asset with expected annual free cash flows in excess of \$100 million
VALUE FOR MONEY	- Significant majority of residents currently pay well in excess of the utility fee for their internet connectivity - Symmetrical basic service of up to 3Mbps is comparable to competing products in the market area

KEY PROPOSAL BENEFITS

GREATER COMPETITION	- Separation of network infrastructure and services significantly reduces market entry and exit barriers - Proposed step change in network scale has generated interest from regional and national ISPs - Whether residents use the network or not, they will likely see pricing reductions from their incumbent providers, serving to offset the utility fee
SCALE AND UBIQUITY	- Scale of project allows for efficiencies in financing, development and operating costs, and ability to attract world class design-build contractors, systems integrators and hardware providers - Standardized demarcation point across network drives operating cost efficiencies - Universal access will help shrink the digital divide - Provides scale required to attract stronger ISPs, promoting competition and choice for consumers - Connectivity amongst the cities lays a foundation for a collaboration platform amongst community services
ISP INVOLVEMENT	- Clear distinction of responsibilities and handoff points between network and ISPs will ensure timely remedy of user issues and improved customer engagement - Requirement to provide basic service for free will incentivise ISPs to invest in marketing premium services - Large number of potential customers incentivizes ISPs to deploy significant resources to develop a robust service and maintenance operation
ALIGNMENT OF INTERESTS	- Sharing amongst all parties in upside revenues - Private funding model will not require the Agencies or Member Cities to contribute additional funding to realize the network's potential - Speed of basic service will be competitive, if not superior, to incumbent offerings that have higher costs than the proposed utility fee - All-in costs (utility fee plus ISP charge) of premium services will be competitive to incumbent offerings of inferior speed and quality - Users will not be billed the utility fee until they have had the opportunity to connect to the network
PLATFORM FOR GROWTH	- Complete network will command a much higher take-rate for premium service, which will provide additional revenues for the Cities - Network can be expanded to include other cities and benefits of scale shared amongst a greater number of users

1.3 Comparison of Alternatives

The network currently faces significant capital constraints. Removing those constraints could unlock significant economic and civic benefits. A thorough evaluation of potential development models indicated that the PPP was the structure most likely to deliver these benefits, particularly given the Cities' desire to ensure the network remains open access as well as being ubiquitous across the Cities.

OBJECTIVE	PPP	SELL	SHUTDOWN
Reduction in the Agencies' Operating Deficit	●	●	●

OBJECTIVE	PPP	SELL	SHUTDOWN
Defray Service Obligations on Existing Debt	●	●	●
Parity of the Network Build Across the Cities	●	●	●
Certainty of Execution	●	●	N/A
Expand the Existing Subscriber Base	●	●	●
Ubiquitous Last Mile Connection	●	●	●
Increase Service Offerings to Users	●	●	●
Provision of Civic Benefits (Public WiFi, etc.)	●	●	●
Increase Price Competition & Choice for Users	●	●	●

● High probability ● Medium probability ● Low probability

Macquarie believes the divestment model carries excessive execution risk to be considered a viable option. Firstly, the Cities lose control over the network and future investment will only occur if the acquirer considers it commercially viable. The capital cost of the project is substantial, and the benefits from a ubiquitous buildout are such that divestment would only be a viable alternative if there is a well capitalized buyer able to propose a feasible alternative to the PPP. Macquarie understands that no such bidders have tabled an offer to the Cities.

1.4 The Proposed Model

The business model has been developed to maximize efficiency and alleviate current operational issues through the implementation of clear handoff points between the PPP, the Wholesaler and the ISPs. The Agencies will not have an operational role in the network but will be responsible for overseeing the PPP and auditing its performance relative to the standards set out in the Concession Agreement.

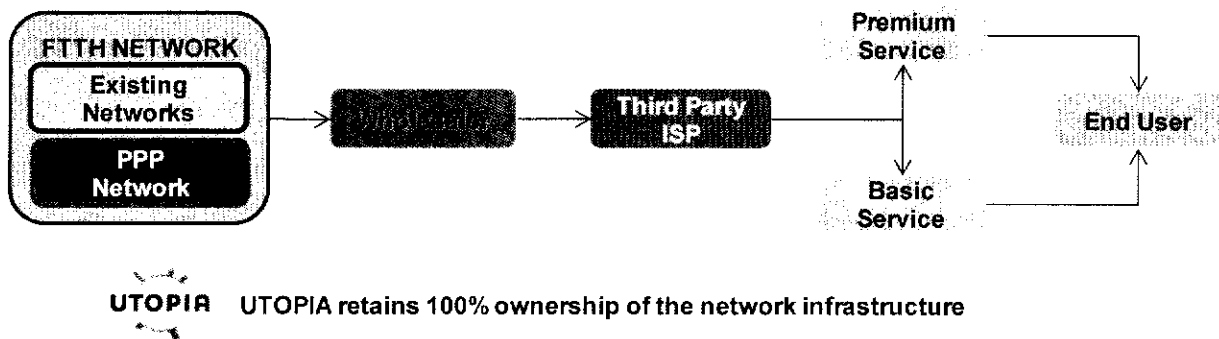
	Design-Build	Operations & Maintenance	Network Refresh	Sales & Marketing	Basic Service	End User Contact
Agencies	x	x	x*	x	x	x
PPP	✓	✓	✓	x	✓	x
Wholesaler	x	x	x	✓	x	x
ISPs	x	x	x	✓	✓	✓

*Agencies will only participate in the network refresh in the event network specifications are changed from those established in the Concession Agreement.

The PPP will build the network to a designated demarcation point on the outside of a residence or at the communications cabinet of a business or MDU. The ISPs will be responsible for completing the connection into the home or business. The PPP will subsidize the ISPs' installation costs, and ISPs will be prohibited from charging additional costs to the customer for a standard installation.

Users with installed connections will select a preferred ISP, who will be required to provide a symmetrical best efforts service of up to 3Mbps with a 20GB monthly data cap at no incremental charge above the utility fee. The ISPs will market products above this basic service as premium services for which they can charge a fee.

The Wholesaler will generate revenues from the transport fees paid by the ISPs for bandwidth used by premium service customers. UTOPIA will receive the significant majority of these revenues, while the Wholesaler will receive a share that increases with take rates. The PPP will also have modest participation in these revenues as part of a broader alignment of interests to operate the network in such a way that incentivizes users to upgrade, and in recognition of the increased costs of operating a network with more traffic.



1.5 Milestone One Work Program

Macquarie and First Solutions undertook a significant work program during Milestone One. The key components of that process are outlined below:

Design-Build	- Prepared Request for Qualifications and solicited expressions of interest to complete the outside plant from 14 local, regional and national contractors - Shortlisted two proponents, Black & Veatch and Corning - Each of these two contractors will develop fixed-price date-certain design-build proposals in competition to ensure the best value solution for the network - Shortlisted proponents prepared indicative cost estimates for completion of the network buildout – expedited timeframe generated pricing 7 weeks after RFQ - Commissioned an independent technical analysis of the existing network and UTOPIA's internal cost and scheduling estimates for network completion
Network Equipment & Systems Integration	- Solicited proposals for equipment and system integration from 4 world-class providers - Coordinated highly competitive process to select equipment vendor (Alcatel-Lucent) and systems integrator (Fujitsu) partners - Both partners provided detailed cost estimates
Operations, Maintenance & Refresh	- Solicited proposals for ongoing network operations, maintenance and refresh services from a number of world class providers - Investigated cost structure of current business operations, maintenance and refresh program, and identified a number of areas that can be improved to lift the network's overall performance and efficiency

	▪ Developed estimates of operating costs under a variety of scenarios, including self-perform and partially outsourced (with Fujitsu) options
Market Analysis	▪ Commissioned market feasibility report to assess competitive landscape, marketing considerations, take rate forecasts and transport fee levels, among other issues ▪ Commissioned a UTOPIA brand study with 700 respondents across the Cities to assess current market behaviors and attitudes to UTOPIA and other telecommunications providers ▪ Conducted focus groups to obtain a more detailed assessment of attitudes toward telecommunications providers and the Macquarie PPP proposal with 24 registered voters in Murray, Centerville and Orem ▪ Met with most of UTOPIA's current ISPs to discuss acceptability of the business model ▪ Met with ISPs not currently operating on the UTOPIA network, including national players, to discuss participation on the completed network
Public Relations	▪ Met with city councils of West Valley City, Orem, Murray, Lindon and Brigham City to introduce the PPP structure and our proposed business model ▪ Regular, detailed updates to the Cities of each working group's progress through steering committees with appointees from each of the Cities
Financing	▪ Initial discussions with 5 lenders to gauge potential market appetite for debt financing of this nature and validate our indicative financing assumptions ▪ Initiated discussions with UTOPIA bondholders to begin exploration of issues related to existing debt
Legal	▪ Preliminary legal structure provided by the Cities ▪ Commenced analysis of integrating the project network into the existing network ▪ Commenced discussions with City Attorneys to begin exploring legal issues implicated by PPP's proposed business model and implementation approach

CENTERVILLE CITY COUNCIL

Staff Backup Report 6/3/2014

Item No. 5.

Short Title: Mayor's Report

Initiated By: Mayor Cutler

Scheduled Time: 9:00

SUBJECT

RECOMMENDATION

BACKGROUND

Mayor Cutler may report on one or more topics.

ATTACHMENTS:

Description

- ☐ UTOPIA/UIA Member City Opt-Out and Reimbursement Agreement
- ☐ Model Resolution of Member to Move toward Milestone 2

**MEMBER CITY
OPT-OUT
AND
REIMBURSEMENT AGREEMENT**

This Member City Opt-Out and Reimbursement Agreement ("**Agreement**") is entered into this _____ day of _____, 2014 ("**Effective Date**") by and between Centerville City (the "**City**"), Utah Telecommunication Open Infrastructure Agency ("**UTOPIA**"), and Utah Infrastructure Agency ("**UIA**," and, collectively with UTOPIA, the "**Agencies**").

RECITALS:

WHEREAS, the Agencies have previously entered into that certain Pre-Development Agreement with Macquarie Capital, Inc. ("**Macquarie**"), dated as of December 14, 2013 ("**PDA**"); and

WHEREAS, Centerville City ("**City**") is a member of either UTOPIA, UIA, or both; and

WHEREAS, Macquarie has reached Milestone 1 under the PDA; and

WHEREAS, the City has determined it is in the City's best interest not to participate with the other member cities of the Agencies to pursue further Milestones under the PDA; and

WHEREAS, the Agencies and the City have determined that in order for the City to be able to remove itself from further Milestones under the PDA, the City must first agree to reimburse Macquarie for the City's pro rata portion of all funds required to be reimbursed to Macquarie up through Milestone 1 of the PDA in the event the PDA is terminated; and

WHEREAS, this Agreement has been prepared for the foregoing purposes.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions contained herein, the parties agree as follows:

AGREEMENT:

1. Reimbursement of PDA. Upon termination of the PDA, the City will pay directly to Macquarie the City's pro rata portion of all funds required to be reimbursed to Macquarie up through Milestone 1 of the PDA.

2. Miscellaneous.

a. Attorneys Fees. If either party seeks to enforce its rights under any of the covenants or agreements contained herein, the prevailing party shall pay all costs and expenses, including reasonable attorneys fees and costs, incurred to protect its rights hereunder, regardless of whether an action is commenced or prosecuted to judgment.

b. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of parties in the respective successors and assigns.

c. Construction. The language in all parts of this Agreement shall in all cases simply, as a whole and in accordance with its fair meaning and not strictly for or against any party. The parties hereto acknowledge and agree that this Agreement has been negotiated by the parties and has been the subject of arm's length and careful negotiation, that each party has been given the opportunity to independently review this Agreement legal counsel, and that each party has the requisite experience and sophistication to understand, interpret and agreed to the particular language of the provisions hereof. Accordingly, in the event an ambiguity in or dispute regarding the interpretation of this Agreement, is Agreement shall not be interpreted the parties preparing it.

d. Enforceability. If any term or provision of this Agreement shall, to any extent, be determined by a court of competent jurisdiction to be void, voidable or unenforceable, such void, voidable or unenforceable term or provision shall not affect any other term or provision of this Agreement.

e. Entire Agreement. This Agreement shall constitute the entire agreement and understanding of parties with respect to the subject matter hereof, and shall supersede all offers, negotiations and other agreements with respect thereto. Any amendment to this Agreement must be in writing and executed by the authorized representatives of each party. This Agreement may be executed in any number of counterparts and by each of the parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one in the same instrument. Any signature page of this Agreement may be detached from any counterpart and reattach to any counterpart hereof. The facsimile transmission, or electronic correspondence transmission of it signed original of this agreement or any counterpart hereof and the retransmission of any sign facsimile transmission, or electronic correspondence transmission, hereof shall be the same as delivery of an original.

f. Governing Law. This Agreement Shall Be Governed by and Construed in Accordance with the Laws of the State of Utah, including its statute of limitations on contract claims, without regard to its conflicts of law rules.

g. Jurisdiction and Venue. For a litigation which may arise with respect to this agreement, the parties irrevocably and unconditionally submit to the exclusive jurisdiction and venue (and waive any claim of forum non conveniens) of the courts in Salt Lake County, Utah.

h. Waivers. The failure by either party at any time or times hereafter to require strict performance by the other of any of the undertakings, agreements or covenants contained in this Agreement shall not waive, affect or diminish in the right of such party to demand strict compliance and performance there with. None of the undertakings, agreements or covenants of the parties under this Agreement shall be deemed to have been waived unless such waiver is evidenced by an instrument in writing signed by the party to be charged specifying such waiver.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

Member City: CENTERVILLE CITY

By: _____

Its: _____

ATTEST:

City Recorder

APPROVED AS TO FORM:

City Attorney

UTOPIA:

Paul Isaac, Interim Executive Director

ATTEST:

UTOPIA Secretary

APPROVED AS TO FORM:

UTOPIA General Counsel

UIA:

Paul Isaac, Interim Executive Director

ATTEST:

UIA Secretary

APPROVED AS TO FORM:

UIA General Counsel

MODEL RESOLUTION

RESOLUTION NO. 2014-14

A RESOLUTION OF CENTERVILLE CITY TO FORMALLY RECEIVE THE MILESTONE 1 REPORT OF MACQUARIE CAPITAL UNDER THE PRE-DEVELOPMENT AGREEMENT WITH UTOPIA AND UIA; AND AUTHORIZING THE CITY'S REPRESENTATIVES TO THE BOARDS OF DIRECTORS OF UTOPIA AND UIA TO VOTE AFFIRMATIVELY IN FAVOR OF MOVING FORWARD WITH MACQUARIE INTO MILESTONE 2.

WHEREAS, the City is a member of the Utah Telecommunication Open Infrastructure Agency ("UTOPIA"), and of the Utah Infrastructure Agency ("UIA," collectively, with UTOPIA, the "Agencies"); and

WHEREAS, the Agencies have previously entered into a Pre-Development Agreement ("PDA") with Macquarie Capital ("Macquarie"); and

WHEREAS, under the PDA, Macquarie is obligated to fulfill certain steps referred to as "Milestones" to methodically investigate and propose a transaction known as a "Concession Agreement"; and

WHEREAS, Macquarie has completed its work under Milestone 1, and has provided the Agencies, and their member cities, Macquarie's Milestone 1 Report; and

WHEREAS, in the Milestone 1 Report, Macquarie proposes a 30 year transaction whereby it will provide the capital necessary to complete the full buildout of the Agencies' network, and will design and build the network, provide all networking equipment, perform operations and maintenance on the network, will refresh the network over time, and will return the asset to the Agencies at the end of the term; and

WHEREAS, Macquarie intends to partner with large companies who are willing and able to financially guarantee their performance; and

WHEREAS, in exchange for the foregoing, Macquarie will ask the participating cities to establish a fiber-optic infrastructure utility, and collect base utility rates on per address basis of approximately \$18-\$20; and

WHEREAS, in exchange for the utility fee, each address will have access to basic Internet service, with services better than or comparable to all other products available today, at a much lower price; and

WHEREAS, under the PDA, Macquarie is obligated to bear all third-party expenses, unless and until the Agencies withdraw from advancing the PDA, in which case there will be a reimbursement obligation; and

WHEREAS, the City has determined it is in the City's best interest to proceed to Milestone 2; and

WHEREAS, in order to demonstrate the City's commitment to moving forward with Macquarie, the City is prepared to deposit into an escrow account one-quarter of the City's pro rata portion of the potential reimbursement obligation for Milestone 2; and

WHEREAS, the City looks forward to further analysis of the many issues which will need to be vetted and agreed upon; and

WHEREAS, the City encourages all other member cities to follow its example and affirmatively authorize their Board members to vote in favor of Milestone 2.

NOW, THEREFORE, BE IT RESOLVED, by the Centerville City Council as follows:

1. The Milestone 1 Report of Macquarie under the PDA is hereby received.
2. The City is in favor of the utility fee model as proposed, subject to additional refining future Milestones.
3. The City's representatives to the UTOPIA and UIA Boards of Directors are hereby authorized and directed to vote in favor of progressing the Agencies into Milestone 2.
4. The City hereby authorizes the deposit of one-quarter of its pro rata share of potential reimbursement exposure for Milestone 2 into a separate escrow account as demonstration of the City's commitment to Milestone 2.
5. The City directs its staff to cooperate with the Agencies and Macquarie toward the successful completion of Milestone 2.

DATED this ____ day of _____, 2014.

Mayor

ATTEST:

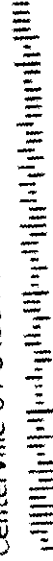
City Recorder

Mayor Ron Russell
Councilman Ken Averett
Councilman John Higginson
Councilwoman Sherri Lindstorm
Councilman Justin Y. Allen
PO Box 452
Centerville, Utah 84014

PRESORT STANDARD
US POSTAGE PAID
SALT LAKE CITY UT
PERMIT NO 6

Hansen Household
256 N 100 W
Centerville UT 84014-3503

T2 P1



October 10, 2013

Dear Friends and Neighbors,

As your current Mayor and as City Council members, we want to let you know how strongly we feel about the importance of the upcoming Centerville election. We are sending you this letter as individuals to express our own views, not as a communication from Centerville City, and this is paid for from our personal funds.

Your city government has a more direct impact on your day to day life than any other level of government so we urge you to study the issues, get to know the candidates and vote. Early voting begins October 22nd and the general election will be on November 5th. You will be voting for a new Mayor and two new City Council members. Because we feel so strongly about the importance of this election, we want to share our views and tell you where we stand on the candidates.

First, election season seems to bring out rumors and misinformation. We encourage you to check the facts, talk directly to the candidates about their positions and base your vote on the facts, not on misinformation. The sky isn't falling as some have claimed. Some of the rumors we have heard are that City finances are in trouble because of UTOPIA, that the City's infrastructure is failing with large tax increases looming ahead, and that trains are coming to Main Street. Please be assured that our City is well-managed and is in great financial shape. We have added to our emergency financial reserves without raising property taxes. In fact, our taxes are among the lowest in the County. UTOPIA presents challenges, but City expenditures on UTOPIA are less than 4% of the budget. The UTOPIA fiber optic network is available to all of our residents and UTOPIA is making progress. Don't be deceived about rumors of light rail on Main Street. Simply stated, it's a dead issue. UTA's study determined that rail transit is not financially feasible and our City Council unanimously rejected any rail plan.

Second, we support the candidates with the necessary experience and the skills needed to get the job done. While we have served together as your elected officials for the past several years, we have faced many challenging issues. We haven't always agreed on the issues and we often have different opinions on the best way to solve problems, but **we are unanimous in our support for Paul Cutler for Mayor and Jack Dellastatious and Tami Fillmore for City Council.**

It is critical that we have a Mayor who is a consensus builder, who can provide leadership, who has the trust of the City Council and who can work with our city staff in a positive way. The Mayor must be able to maintain good working relationships with other officials, even those who

disagree with him on specific policy issues. The Mayor must also be able to collaborate with officials from other communities, the County and the State to help us accomplish common goals. We have all worked closely with Paul when he served on the City Council and we know that he has these skills and is the best candidate for the job.

Jack and Tami also have records of distinguished service to Centerville City. Jack served on the City Council and Tami on the Planning Commission where she was chair. Both Jack and Tami have proven track records of thoughtfully considering issues and listening to all views before making a decision. We believe that they have the skills and experience to make them effective immediately.

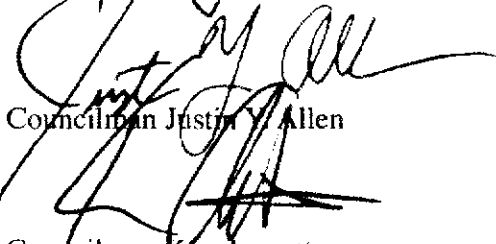
We encourage you to study the issues and get to know the candidates. As you consider your vote, we invite you to join with us in voting for Paul Cutler for Mayor and Jack Dellastatious and Tami Fillmore for City Council!



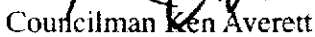
Mayor Ron Russell



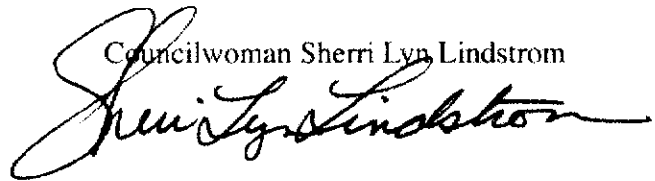
Councilman John Higginson



Councilman Justin Y. Allen

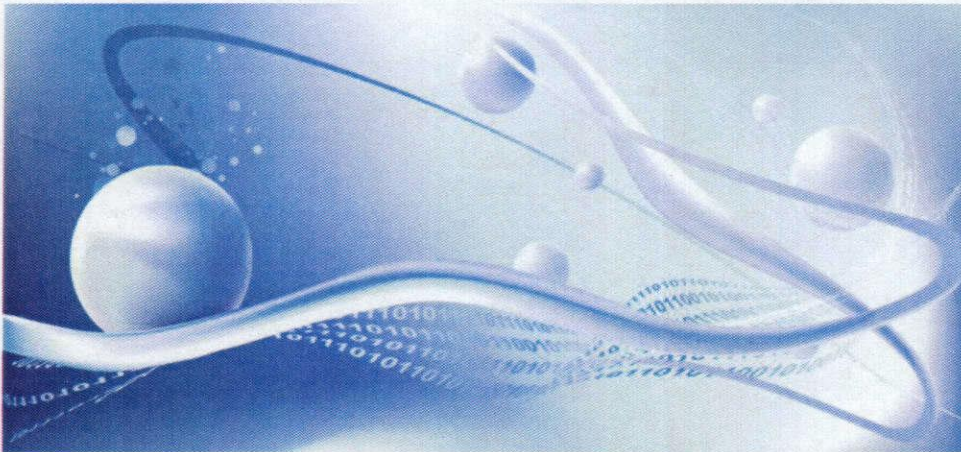


Councilman Ken Averett



Councilwoman Sherri Lyn Lindstrom

Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2013–2018



February 5, 2014

The Cisco® Visual Networking Index (VNI) Global Mobile Data Traffic Forecast Update is part of the comprehensive Cisco VNI Forecast, an ongoing initiative to track and forecast the impact of visual networking applications on global networks. This paper presents some of Cisco's major global mobile data traffic projections and growth trends.

Executive Summary

The Mobile Network in 2013

Global mobile data traffic grew 81 percent in 2013. Global mobile data traffic reached 1.5 exabytes per month at the end of 2013, up from 820 petabytes per month at the end of 2012.

Last year's mobile data traffic was nearly 18 times the size of the entire global Internet in 2000. One exabyte of traffic traversed the global Internet in 2000, and in 2013 mobile networks carried nearly 18 exabytes of traffic.

Mobile video traffic exceeded 50 percent for the first time in 2012. Mobile video traffic was 53 percent of traffic by the end of 2013.

Over half a billion (526 million) mobile devices and connections were added in 2013. Global mobile devices and connections in 2013 grew to 7 billion, up from 6.5 billion in 2012. Smartphones accounted for 77 percent of that growth, with 406 million net additions in 2013.

Globally, smart devices represented 21 percent of the total mobile devices and connections in 2013, they accounted for 88 percent of the mobile data traffic. **In 2013, on an average, a smart device generated 29 times more traffic than a non-smart device.**

Mobile network connection speeds more than doubled in 2013. Globally, the average mobile network downstream speed in 2013 was 1,387 kilobits per second (Kbps), up from 526 Kbps in 2012.

In 2013, a fourth-generation (4G) connection generated 14.5 times more traffic on average than a non-4G connection. Although 4G connections represent only 2.9 percent of mobile connections today, they already account for 30 percent of mobile data traffic.

The top 1 percent of mobile data subscribers generated 10 percent of mobile data traffic, down from 52 percent at the beginning of 2010. According to a mobile data usage study conducted by Cisco, mobile data traffic has evened out over the last year and is now lower than the 1:20 ratio that has been true of fixed networks for several years.

Average smartphone usage grew 50 percent in 2013. The average amount of traffic per smartphone in 2013 was 529 MB per month, up from 353 MB per month in 2012.

Smartphones represented only 27 percent of total global handsets in use in 2013, but represented 95 percent of total global handset traffic. In 2013, the typical smartphone generated 48 times more mobile data traffic (529 MB per month) than the typical basic-feature cell phone (which generated only 11 MB per month of mobile data traffic).

Globally, there were nearly 22 million wearable devices (a sub-segment of M2M category) in 2013 generating 1.7 petabytes of monthly traffic.

Globally, 45 percent of total mobile data traffic was offloaded onto the fixed network through Wi-Fi or femtocell in 2013. In 2013, 1.2 exabytes of mobile data traffic were offloaded onto the fixed network each month. Without offload, mobile data traffic would have grown 98 percent rather than 81 percent in 2013.

Per-user iOS mobile devices (smartphones and tablets) data usage marginally surpassed that of Android mobile devices data usage. By the end of 2013, average iOS consumption exceeded average Android consumption in North America and Western Europe.

In 2013, 18 percent of mobile devices were potentially IPv6-capable. This estimate is based on network connection speed and OS capability.

In 2013, the number of mobile-connected tablets increased 2.2-fold to 92 million, and each tablet generated 2.6 times more traffic than the average smartphone. In 2013, mobile data traffic per tablet was 1,374 MB per month, compared to 529 MB per month per smartphone.

There were 149 million laptops on the mobile network in 2013, and each laptop generated 4.6 times more traffic than the average smartphone. Mobile data traffic per laptop was 2.45 GB per month in 2013, up 17 percent from 2.1 GB per month in 2012.

Average nonsmartphone usage increased 39 percent to 10.8 MB per month in 2013, compared to 7.8 MB per month in 2012. Basic handsets still make up the vast majority of handsets on the network (73 percent).

The Mobile Network Through 2018

Mobile data traffic will reach the following milestones within the next five years.

- Monthly global mobile data traffic will surpass 15 exabytes by 2018.
- The number of mobile-connected devices will exceed the world's population by 2014.
- The average mobile connection speed will surpass 2 Mbps by 2016.
- Due to increased usage on smartphones, smartphones will reach 66 percent of mobile data traffic by 2018.
- Monthly mobile tablet traffic will surpass 2.5 exabyte per month by 2018.
- Tablets will exceed 15 percent of global mobile data traffic by 2016.
- 4G traffic will be more than half of the total mobile traffic by 2018.
- There will be more traffic offloaded from cellular networks (on to Wi-Fi) than remain on cellular networks by 2018.

Global mobile data traffic will increase nearly 11-fold between 2013 and 2018. Mobile data traffic will grow at a compound annual growth rate (CAGR) of 61 percent from 2013 to 2018, reaching 15.9 exabytes per month by 2018.

By the end of 2014, the number of mobile-connected devices will exceed the number of people on earth, and by 2018 there will be nearly 1.4 mobile devices per capita. There will be over 10 billion mobile-connected devices by 2018, including machine-to-machine (M2M) modules—exceeding the world's population at that time (7.6 billion).

Mobile network connection speeds will increase two-fold by 2018. The average mobile network connection speed (1,387 Kbps in 2013) will exceed 2.5 megabits per second (Mbps) by 2018.

By 2018, 4G will be 15 percent of connections, but 51 percent of total traffic. By 2018, a 4G connection will generate 6 times more traffic on average than a non-4G connection.

By 2018, over half of all devices connected to the mobile network will be “smart” devices. Globally, 54 percent of mobile devices will be smart devices by 2018, up from 21 percent in 2013. The vast majority of mobile data traffic (96 percent) will originate from these smart devices by 2018, up from 88 percent in 2013.

By 2018, 48 percent of all global mobile devices could potentially be capable of connecting to an IPv6 mobile network. Over 4.9 billion devices will be IPv6-capable by 2018.

Over two-thirds of the world's mobile data traffic will be video by 2018. Mobile video will increase 14-fold between 2013 and 2018, accounting for 69 percent of total mobile data traffic by the end of the forecast period.

By 2018, mobile-connected tablets will generate nearly double the traffic generated by the entire global mobile network in 2013. The amount of mobile data traffic generated by tablets by 2018 (2.9 exabytes per month) will be 1.9 times higher than the total amount of global mobile data traffic in 2013 (1.5 exabytes per month).

The average smartphone will generate 2.7 GB of traffic per month by 2018, a 5-fold increase over the 2013 average of 529 MB per month. By 2018, aggregate smartphone traffic will be 11 times greater than it is today, with a CAGR of 63 percent.

By 2018, more than half of all traffic from mobile-connected devices (almost 17 exabytes) will be offloaded to the fixed network by means of Wi-Fi devices and femtocells each month. Without Wi-Fi and femtocell offload, total mobile data traffic would grow at a CAGR of 65 percent between 2013 and 2018 (12-fold growth), instead of the projected CAGR of 61 percent (11-fold growth).

The Middle East and Africa will have the strongest mobile data traffic growth of any region at 70 percent CAGR. This region will be followed by Central & Eastern Europe at 68 percent and Asia Pacific at 67 percent.

Appendix A summarizes the details and methodology of the VNI forecast.

2013 Year in Review

Global mobile data traffic grew 81 percent in 2013, a rebound over the 2012 slowdown in mobile traffic. Growth rates varied widely by region. All of the emerging market regions experienced a doubling of mobile data traffic in 2013. (Middle East and Africa grew 107 percent, Latin America grew 105 percent, and Central and Eastern Europe grew 99 percent.) Mobile data traffic grew 86 percent in Asia Pacific, 77 percent in North America, and 57 percent in Western Europe.

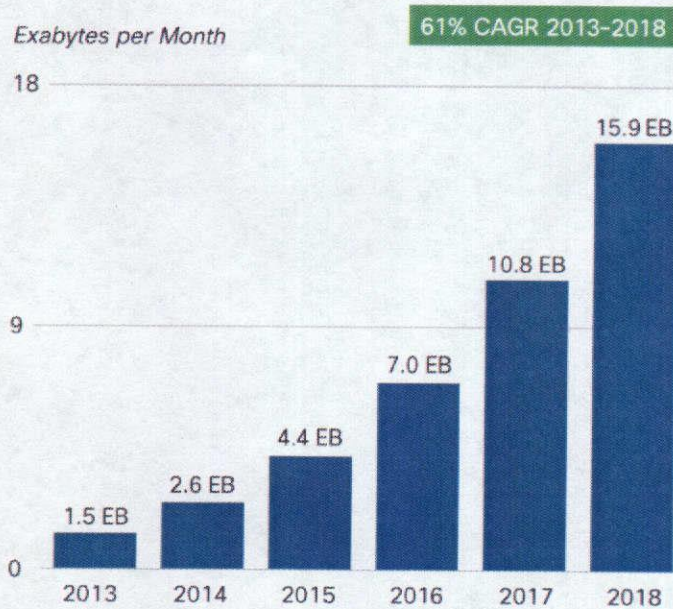
Table 1. Examples of Mobile Data Traffic Growth in 2013

Region	Mobile Traffic Growth Examples
Korea	As reported by Korean regulator KCC, mobile data traffic on 2G, 3G, and 4G networks increased approximately 70% between 3Q 2012 and 3Q 2013.
China	Mobile data traffic of China's top 3 mobile operators grew 90% in 2012 and 72% from mid-2012 to mid-2013.
Japan	Mobile data traffic grew 92% in 2012 and 66% from 3Q 2012 to 3Q 2013, according to Japan's Ministry of Internal Affairs and Communications.
India	Bharti Airtel reported mobile data traffic growth of 112% between 3Q 2012 and 3Q 2013. Reliance Communications reported mobile data traffic growth of 116% between 3Q 2012 and 3Q 2013.
Australia	As reported by Australian regulator ACMA, mobile data traffic grew 47% from mid-2012 to mid-2013.
Italy	As reported by Italian regulator AGCOM, mobile traffic in Italy in 3Q13 was up 34% year-over-year.
France	As reported by French regulator ARCEP, mobile traffic in France was up 60% from 2Q 2013 to 2Q 2012.
Germany	As reported by German regulator BNA, mobile traffic in Germany grew 40% in 2012.
Sweden	As reported by Swedish regulator PTS, mobile traffic in Sweden grew 69 percent from mid-2012 to mid-2013.
Russia	Vimpelcom reported mobile data traffic growth of 106% from 3Q 2012 to 3Q 2013.
Other	Vodafone's year-over-year global mobile traffic growth was 60% from 1Q FY12 to 1Q FY13. Vodafone's European traffic grew 35% during fiscal year 2012–2013, up from 18% the previous fiscal year.

Global Mobile Data Traffic, 2013 to 2018

Overall mobile data traffic is expected to grow to 15.9 exabytes per month by 2018, nearly an 11-fold increase over 2013. Mobile data traffic will grow at a CAGR of 61 percent from 2013 to 2018 (Figure 1).

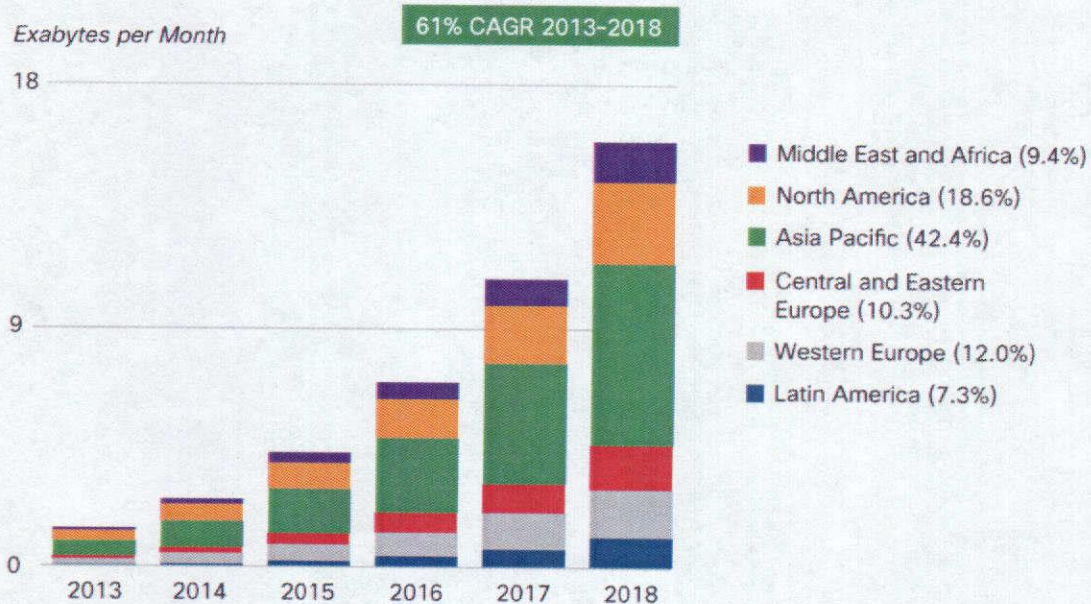
Figure 1. Cisco Forecasts 15.9 Exabytes per Month of Mobile Data Traffic by 2018



Source: Cisco VNI Mobile, 2014

The Asia Pacific and North America regions will account for almost two-thirds of global mobile traffic by 2018, as shown in Figure 2. Middle East and Africa will experience the highest CAGR of 70 percent, increasing 14-fold over the forecast period. Central and Eastern Europe will have the second highest CAGR of 68 percent, increasing 13-fold over the forecast period. The emerging market regions of Asia Pacific and Latin America will have CAGRs of 67 percent and 66 percent respectively.

Figure 2. Global Mobile Data Traffic Forecast by Region



Figures in parentheses refer to regional share in 2018.

Source: Cisco VNI Mobile, 2014

Top Global Mobile Networking Trends

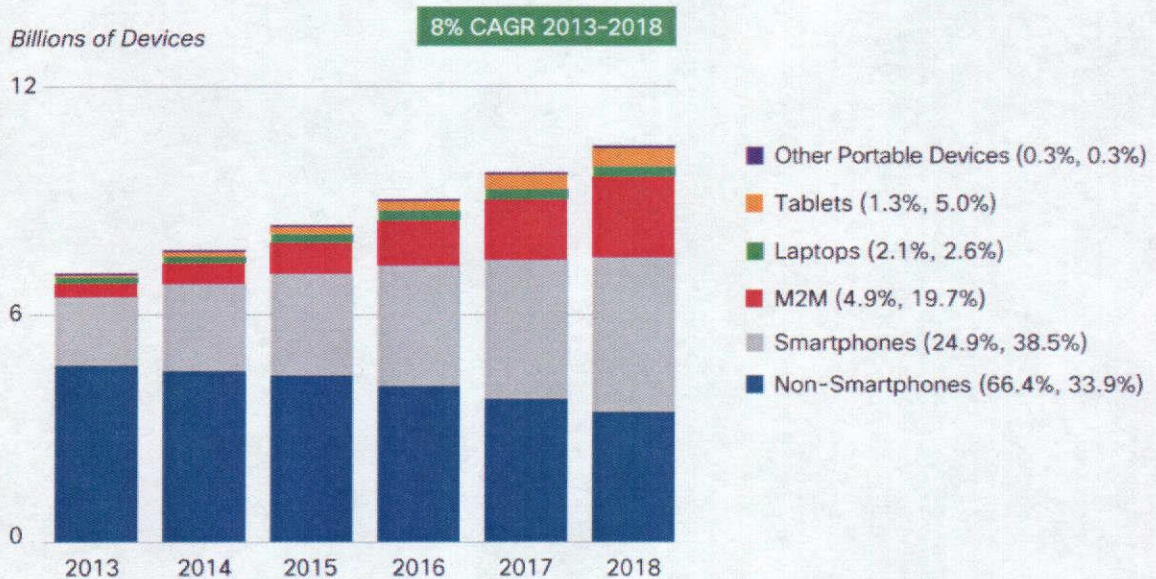
The sections that follow identify nine major trends contributing to the growth of mobile data traffic.

1. Transitioning to Smarter Mobile Devices
2. Measuring Internet of Everything Adoption—Emerging Wearable Devices
3. Analyzing Mobile Applications—Video Dominance
4. Profiling Bandwidth Consumption by Device
5. Assessing Mobile Traffic/Offload by Access Type (2G, 3G, and 4G)
6. Comparing Mobile Network Speeds
7. Reviewing Tiered Pricing—Managing Top Mobile Users
8. Adopting IPv6—Beyond an Emerging Protocol
9. Defining Mobile “Prime Time”—Peak vs. Average Usage

Trend 1: Transitioning to Smarter Mobile Devices

The increasing number of wireless devices that are accessing mobile networks worldwide is one of the primary contributors to global mobile traffic growth. Each year several new devices in different form factors and increased capabilities and intelligence are being introduced in the market. Over half a billion (526 million) mobile devices and connections were added in 2013. Global mobile devices and connections grew, in 2013, to 7 billion, up from 6.5 billion in 2012. Globally, mobile devices and connections will grow to 10.2 billion by 2018 at a CAGR of 8 percent (Figure 3). By 2018, there will be 8.2 billion handheld or personal mobile-ready devices and 2 billion machine-to-machine connections (e.g., GPS systems in cars, asset tracking systems in shipping and manufacturing sectors, or medical applications making patient records and health status more readily available, et al). Regionally, North America and Western Europe are going to have the fastest growth in mobile devices and connections with 12 percent and 10 percent CAGR from 2013 to 2018 respectively.

Figure 3. Global Mobile Devices and Connections Growth



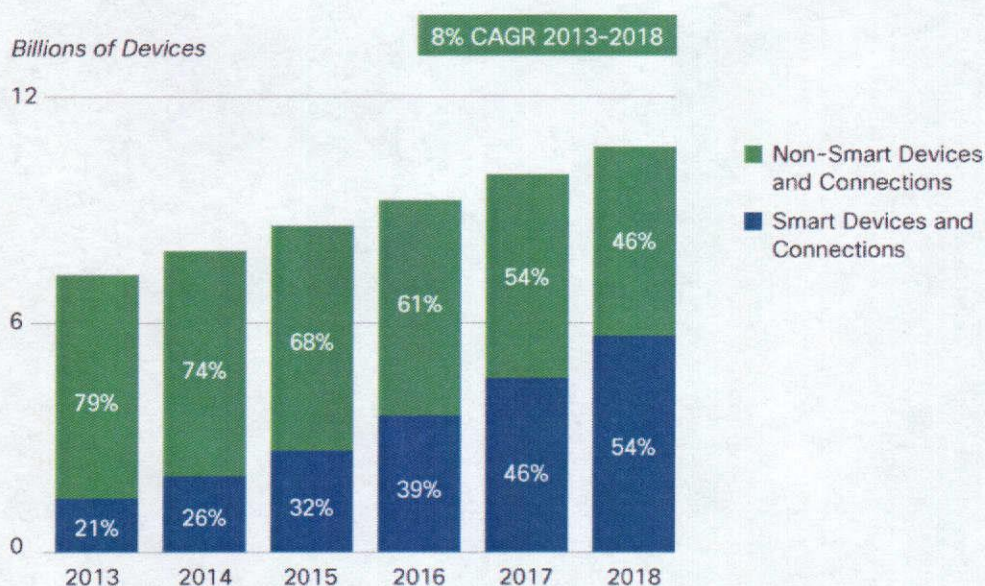
Figures in parentheses refer to device or connections share in 2013, 2018.

Source: Cisco VNI Mobile, 2014

We see a rapid decline in the share of nonsmartphones from more than 66 percent in 2013 (4.7 billion) to less than 34 percent by 2018 (3.5 billion). The most noticeable growth is going to occur in tablets, followed by machine-to-machine connections (M2M), both growing nearly six-fold over the forecast period. Tablets are going to grow at 41 percent CAGR from 2013 to 2018, and the M2M category is going to grow at 43 percent CAGR during the same period.

While there is an overall growth in the number of mobile devices and connections, there is also a visible shift in the device mix. Throughout the forecast period, we see that the device mix is getting smarter with an increasing number of devices with higher computing resources, network connection capabilities that create a growing demand for more capable and intelligent networks. We define smart devices and connections as those having advanced computing and multimedia capabilities with a minimum of 3G connectivity. As mentioned previously, 526 million mobile devices and connections were added in 2013, and smartphones accounted for 77 percent of that growth at 406 million net adds. The share of smart devices and connections as a percentage of the total will increase from 21 percent in 2013 to more than half, at 54 percent, by 2018, growing 3.8 fold during the forecast period (Figure 4).

Figure 4. Global Growth of Smart Mobile Devices and Connections



Percentages refer to device or connections share.

Source: Cisco VNI Mobile, 2014

Although it is a global phenomenon, some regions are ahead in this device mix conversion. North America will have over 90 percent of its installed base converted to smart devices and connections, followed by Western Europe with 83 percent smart devices and connections (Table 2).

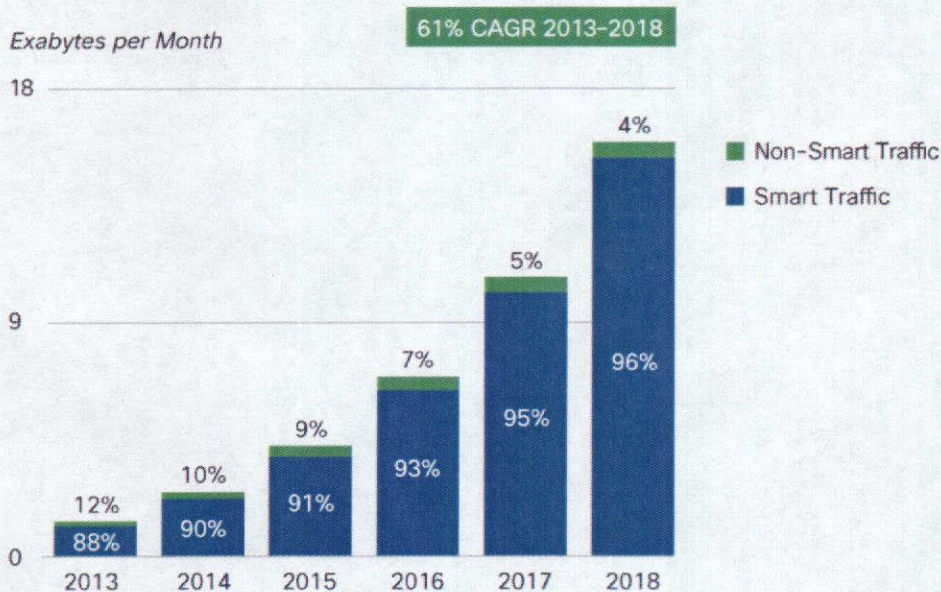
Table 2. Regional Share of Smart Devices and Connections (Percent of the Regional Total)

Region	2013	2018
North America	65%	93%
Western Europe	45%	83%
Central and Eastern Europe	15%	61%
Latin America	14%	55%
Asia Pacific	17%	47%
Middle East and Africa	10%	36%

Source: Cisco VNI Mobile, 2014

Figure 5 shows the impact of mobile smart devices and connections growth on global traffic. Globally, smart traffic is going to grow from 88 percent of the total global mobile traffic to 96 percent by 2018. This is significantly higher than the ratio of smart devices and connections (54% by 2018), because on average a smart device generates much higher traffic than a nonsmart device.

Figure 5. Effect of Smart Mobile Devices and Connections Growth on Traffic



Percentages refer to device or connections share.

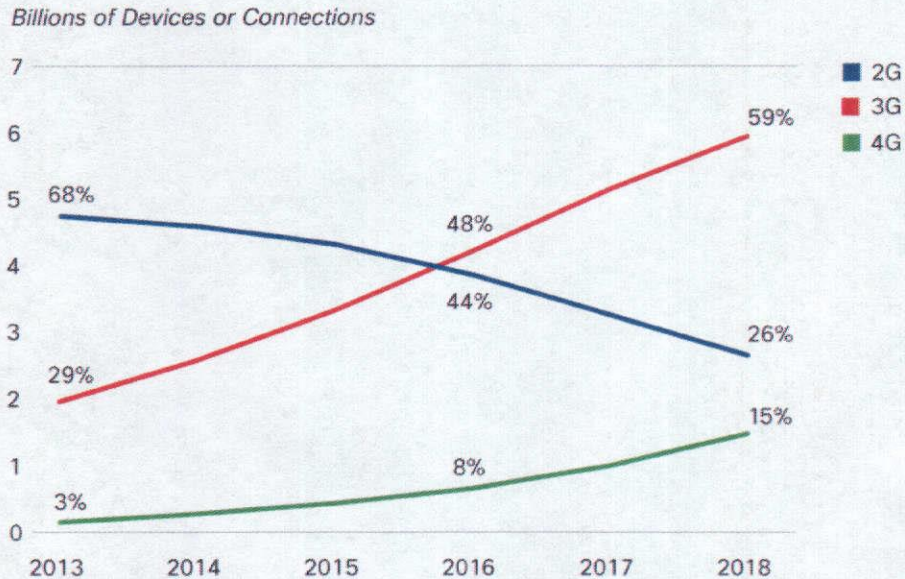
Source: Cisco VNI Mobile, 2014

Mobile devices and connections are not only getting smarter in their computing capabilities but are also evolving from lower-generation network connectivity (2G) to higher-generation network connectivity (3G, 3.5G, and 4G or LTE). When device capabilities are combined with faster, higher bandwidth and more intelligent networks, it leads to wide adoption of advanced multimedia applications that contribute to increased mobile and Wi-Fi traffic.

The explosion of mobile applications and phenomenal adoption of mobile connectivity by end users, on the one hand, and the need for optimized bandwidth management and network monetization, on the other hand, is fueling the growth of global 4G deployments and adoption. Service providers around the world are busy rolling out 4G networks to help them meet the growing end-user demand for more bandwidth, higher security, and faster connectivity on the move (Appendix B).

Globally, the relative share of 3G and 3.5G-capable devices and connections will surpass 2G-capable devices and connections by 2016 (48 percent and 44 percent relative share). By 2018, 15 percent of all global devices and connections will be 4G capable (Figure 6). The global mobile 4G connections will grow from 203 million in 2013 to 1.5 billion by 2018 at a CAGR of 50 percent.

Figure 6. Global Mobile Devices and Connections by 2G, 3G, and 4G



Source: Cisco VNI Mobile, 2014

In addition to transition from 2G to 3G, 4G deployment is also a global phenomenon. In fact, by 2018, North America will have the majority (51 percent) of its mobile devices and connections with 4G capability, surpassing 3G-capable devices and connections. Western Europe (24 percent) will have the second highest ratio of 4G connections by 2018 (Appendix B). Among countries, Japan will have over 56 percent of the country's total connections on 4G by 2018, with Korea having 54 percent of all its connections on 4G by 2018. The United States is going to lead the world in terms of its share of the total global 4G connections with 23 percent of global 4G connections.

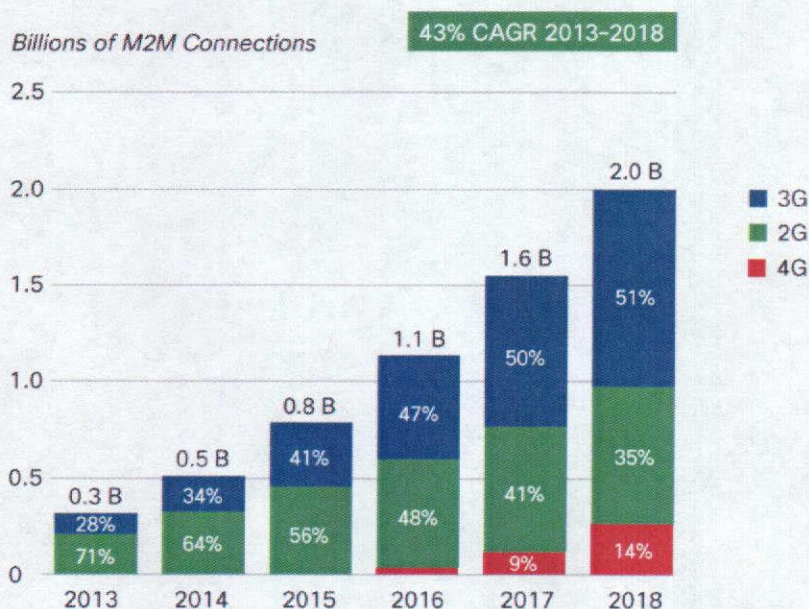
The growth in 4G, with its higher bandwidth, lower latency, and increased security, will help regions bridge the gap between their mobile and fixed network performance. This will lead to even higher adoption of mobile technologies by end users, making access to any content on any device from anywhere more of a reality.

Trend 2: Measuring Internet of Everything Adoption—Emerging Wearable Devices

The phenomenal growth in smarter end-user devices and M2M connections is a clear indicator of the growth of the Internet of everything (IoE), which is bringing together people, processes, data, and things to make networked connections more relevant and valuable. In this section, we will focus on the continued growth of M2M connections and the emerging trend of wearable devices. Both M2M and wearable devices are making computing and connectivity very pervasive in our day-to-day lives.

M2M connections—such as home and office security and automation, smart metering and utilities, maintenance, building automation, automotive, healthcare and consumer electronics, and more—are being used across a broad spectrum of industries, as well as in the consumer segment. As real-time information monitoring helps companies deploy new video-based security systems, while also helping hospitals and healthcare professionals remotely monitor the progress of their patients, bandwidth-intensive M2M connections are becoming more prevalent. Globally, M2M connections will grow from 341 million in 2013 to over 2 billion by 2018, a 43 percent CAGR. M2M capabilities similar to end-user mobile devices are migrating from 2G to 3G and 4G technologies. In 2013, 71 percent of global mobile M2M connections were connected using 2G connectivity, while 28 percent used 3G, and less than 0.5 percent used 4G. By 2018, only 35 percent of M2M modules will have 2G connectivity; 51 percent will have 3G connectivity; and 14 percent will have 4G connectivity (Figure 7).

Figure 7. Global Machine-to-Machine Growth and Migration from 2G to 3G and 4G



In 2013, 4G accounted for 0.43 percent of global mobile M2M connections. By 2014, it will reach 1.5 percent of connections, by 2015, 3 percent of connections, and by 2016, 5.6 percent of connections will be 4G.

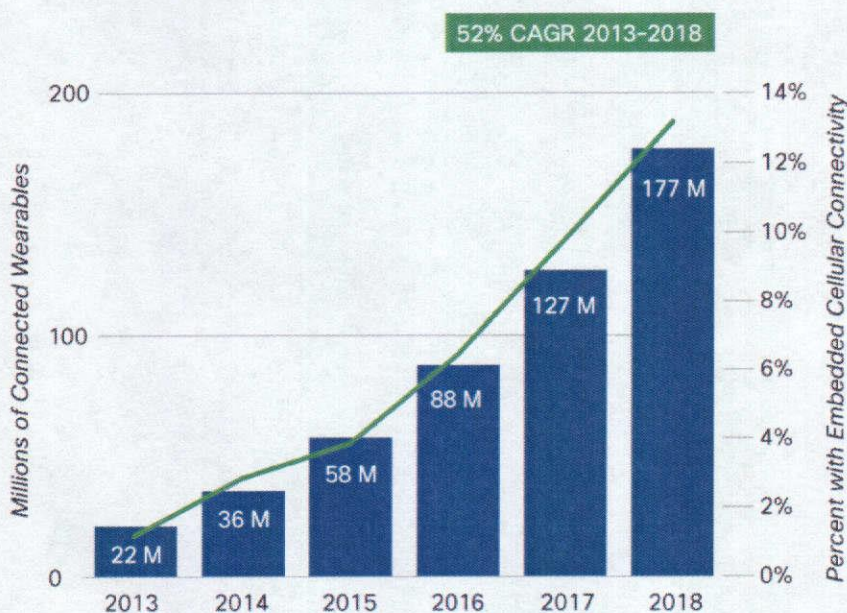
Source: Cisco VNI Mobile, 2014

An important factor contributing to the growing adoption of IoE is the emergence of wearable devices, a category with high growth potential. Wearable devices, as the name suggests, are devices that can be worn on a person, which have the capability to connect and communicate to the network either directly through embedded cellular connectivity or through another device (primarily a smartphone) using Wi-Fi, Bluetooth or another technology. These devices come in various shapes and forms, ranging from smart watches, smart glasses, heads-up displays (HUD), health and fitness trackers, health monitors, wearable scanners and navigation devices, smart clothing, and so forth. The growth in these devices has been fuelled by enhancements in technology that have supported compression of computing and other electronics (making the devices light enough to be worn). These advances are being combined with fashion to match personal styles, especially in the consumer electronics segment, along with network improvements and the growth of applications, such as location-based services and augmented reality. While there have been vast technological improvements to make wearables possible as a significant device

category, the embedded cellular connectivity still has some barriers, such as technology, regulatory, and health concerns, to overcome before it becomes widely available and adopted.

By 2018, we estimate that, there will be 177 million wearable devices globally, growing eight-fold from 22 million in 2013 at a CAGR of 52 percent (Figure 8). As mentioned earlier, there will be limited embedded cellular connectivity in wearables through the forecast period. Only 13 percent will have embedded cellular connectivity by 2018, up from 1 percent in 2013. Currently, we do not include wearables as a separate device and connections category because it is at a nascent stage, so there is a noted overlap with the M2M category. We will continue to monitor this segment, and as the category grows and becomes more significant, we may break it out in future forecast iterations.

Figure 8. Global Connected Wearable Devices

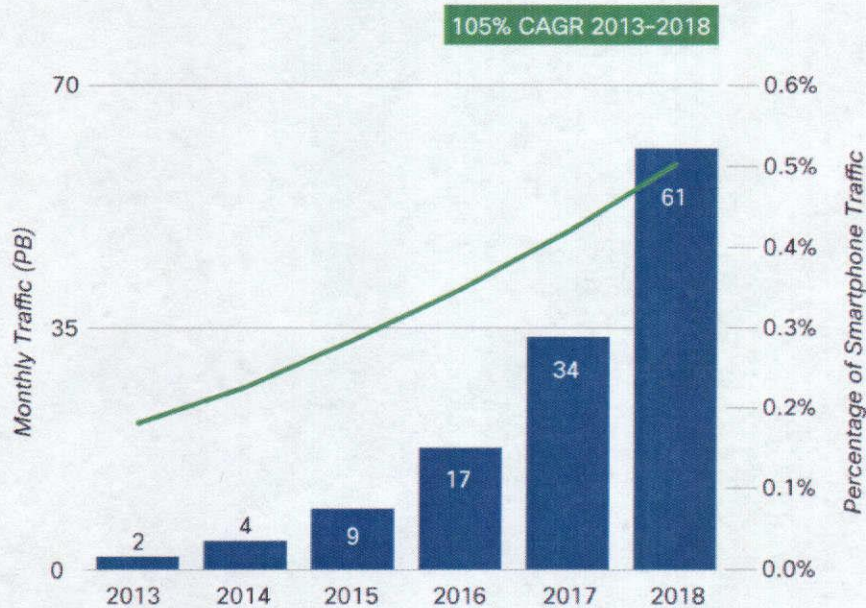


Source: Cisco VNI Mobile, 2014

Regionally, North America will lead through the forecast period in its relative share of wearables, with a 42 percent share in 2013 going to 34 percent by 2018 (Appendix B). Other regions with significant share include Western Europe with 25 percent share in 2013, growing to 26 percent by 2018, and Asia Pacific with 21 percent share, growing to 25 percent by 2018.

The wearables category will have a tangible impact on mobile traffic, because even without embedded cellular connectivity, they can connect to mobile networks through smartphones. Globally, traffic from wearables will account for 0.5 percent of smartphone traffic by 2018 (Figure 9). Globally, traffic from wearable devices will grow 36-fold from 2013 to 61 petabytes per month by 2018 (CAGR 105 percent). Globally, traffic from wearable devices will account for 0.4 percent of total mobile data traffic by 2018, compared to 0.1 percent at the end of 2013.

Figure 9. Global Wearable Devices Traffic Impact

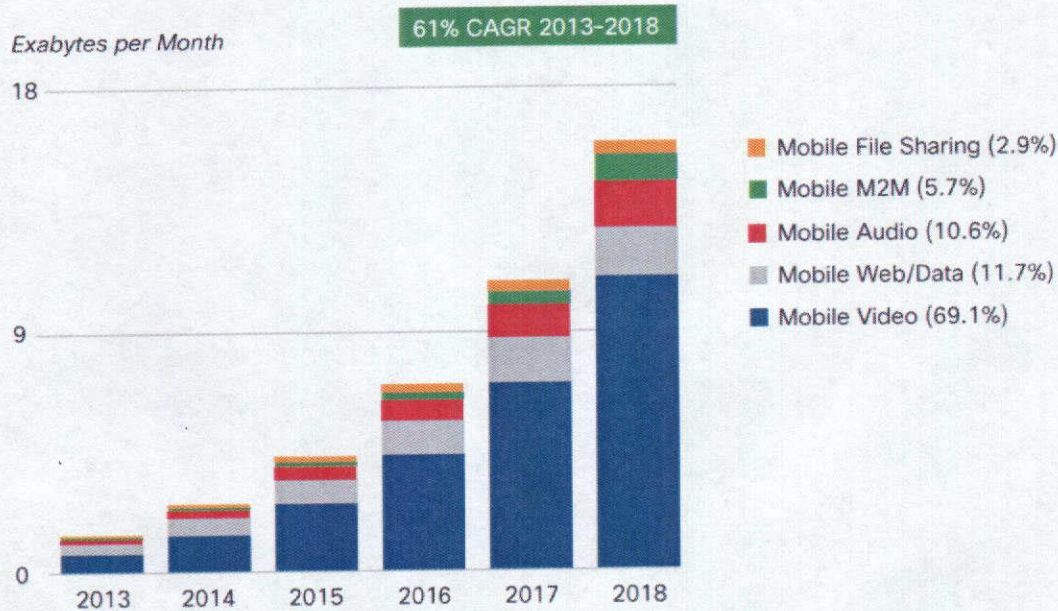


Source: Cisco VNI Mobile, 2014

Trend 3: Analyzing Mobile Applications—Video Dominance

Because mobile video content has much higher bit rates than other mobile content types, mobile video will generate much of the mobile traffic growth through 2018. Mobile video will grow at a CAGR of 69 percent between 2013 and 2018, the highest growth rate of any mobile application category that we forecast, other than machine-to-machine traffic. Of the 15.9 exabytes per month crossing the mobile network by 2018, 11 exabytes will be due to video (Figure 10). Mobile video represented more than half of global mobile data traffic beginning in 2012, indicating that it is having an immediate impact on traffic today, not just in the future.

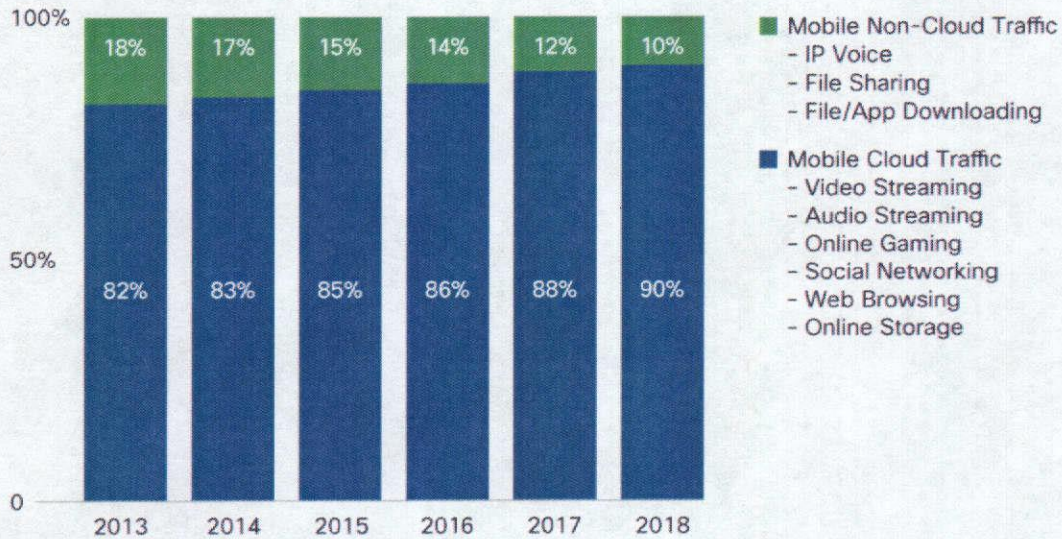
Figure 10. Mobile Video Will Generate Over 69 Percent of Mobile Data Traffic by 2018



Figures in parentheses refer to traffic share in 2018.
Source: Cisco VNI Mobile, 2014

Because many Internet video applications can be categorized as cloud applications, mobile cloud traffic follows a curve similar to video. Mobile devices have memory and speed limitations that might prevent them from acting as media consumption devices, were it not for cloud applications and services. Cloud applications and services such as Netflix, YouTube, Pandora, and Spotify allow mobile users to overcome the memory capacity and processing power limitations of mobile devices. Globally, cloud applications will account for 90 percent of total mobile data traffic by 2018, compared to 82 percent at the end of 2013 (Figure 11). Mobile cloud traffic will grow 12-fold from 2013 to 2018, a compound annual growth rate of 64 percent.

Figure 11. Cloud Applications Will Account for 90 Percent of Mobile Data Traffic by 2018

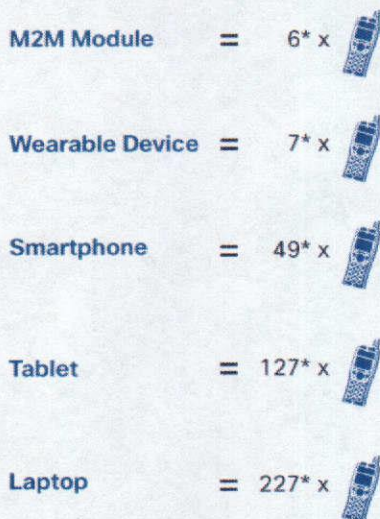


Source: Cisco VNI Mobile, 2014

Trend 4: Profiling Bandwidth Consumption by Device

The proliferation of high-end handsets, tablets, and laptops on mobile networks is a major traffic generator, because these devices offer the consumer content and applications not supported by previous generations of mobile devices. As shown in Figure 12, a single smartphone can generate as much traffic as 49 basic-feature phones; a tablet as much traffic as 127 basic-feature phones; and a single laptop can generate as much traffic as 227 basic-feature phones.

Figure 12. High-End Devices Significantly Multiply Traffic



* Monthly basic mobile phone data traffic

Source: Cisco VNI Mobile, 2014

Average traffic per device is expected to increase rapidly during the forecast period, as shown in Table 3.

Table 3. Summary of Per-Device Usage Growth, MB per Month

Device Type	2013	2018
Nonsmartphone	10.8	45
M2M Module	61	451
Wearable Device	78	345
Smartphone	529	2,672
4G Smartphone	1,984	5,371
Tablet	1,374	5,609
4G Tablet	2,410	9,183
Laptop	2,455	5,095

Source: Cisco VNI Mobile, 2014

The growth in usage per device outpaces the growth in the number of devices. As shown in Table 4, the growth rate of mobile data traffic from new devices is two to five times greater than the growth rate of users.

Table 4. Comparison of Global Device Unit Growth and Global Mobile Data Traffic Growth

Device Type	Growth in Devices, 2013–2018 CAGR	Growth in Mobile Data Traffic, 2013–2018 CAGR
Smartphone	18%	63%
Tablet	41%	87%
Laptop	13%	30%
M2M Module	43%	113%

Source: Cisco VNI Mobile, 2014

A few of the main promoters of growth in average usage are described in the following list:

- As mobile network connection speeds increase, the average bit rate of content accessed through the mobile network will increase. High-definition video will be more prevalent, and the proportion of streamed content, as compared to side-loaded content, is also expected to increase with average mobile network connection speed.
- The shift toward on-demand video will affect mobile networks as much as it will affect fixed networks. Traffic can increase dramatically, even while the total amount of time spent watching video remains relatively constant.
- As mobile network capacity improves, and the number of multiple-device users grows, operators are more likely to offer mobile broadband packages comparable in price and speed to those of fixed broadband. This is encouraging mobile broadband substitution for fixed broadband, where the usage profile is substantially higher than average.
- Mobile devices increase an individual's contact time with the network, and it is likely that this increased contact time will lead to an increase in overall minutes of use per user. However, not all of the increase in mobile data traffic can be attributed to traffic migration to the mobile network from the fixed network. Many uniquely mobile applications continue to emerge, such as location-based services, mobile-only games, and mobile commerce applications.

Trend 5: Assessing Mobile Traffic/Offload by Access Type (2G, 3G, and 4G)

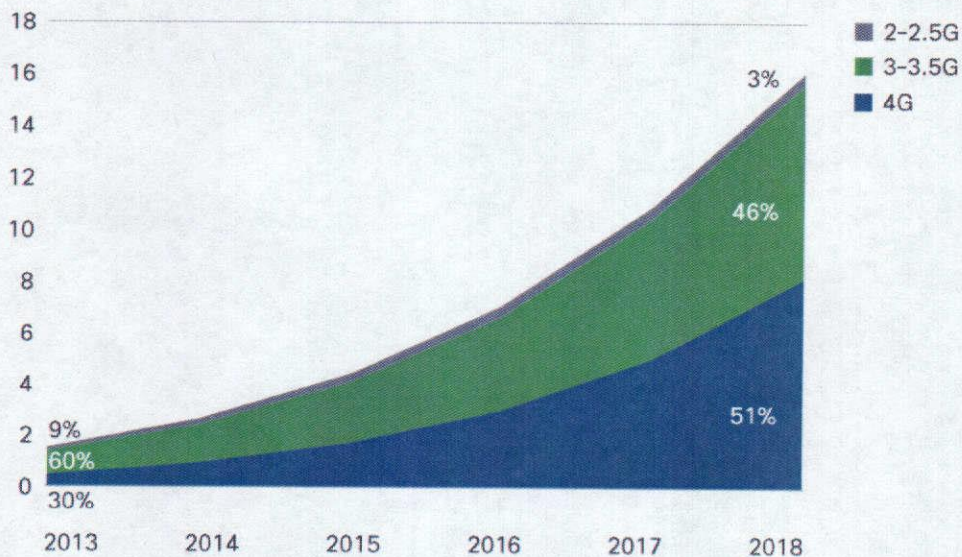
Impact of 4G

While 3G and 3.5G account for the majority (60 percent) of mobile data traffic today, 4G will grow to represent over half of all mobile data traffic by 2018, despite a connection share of only 15 percent (Figure 13).

Currently, a 4G connection generates nearly 15 times more traffic than a non-4G connection. There are two reasons for this. The first is that many 4G connections today are for high-end devices, which have a higher average usage. The second is that higher speeds encourage the adoption and usage of high-bandwidth applications, such that a smartphone on a 4G network is likely to generate 50 percent more traffic than the same model smartphone on a 3G or 3.5G network. As smartphones come to represent a larger share of 4G connections, the gap between the average traffic of 4G devices and non-4G devices will narrow, but by 2018 a 4G connection will still generate 6 times more traffic than a non-4G connection.

Figure 13. 51 Percent of Total Mobile Data Traffic Will Be 4G by 2018

Exabytes per Month



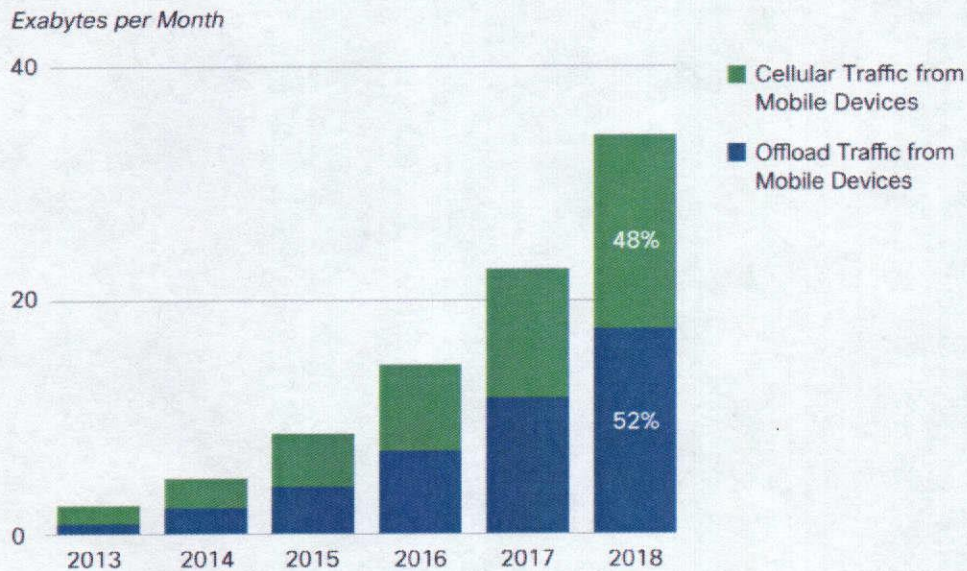
Source: Cisco VNI Mobile, 2014

Offload

Much mobile data activity takes place within users' homes. For users with fixed broadband and Wi-Fi access points at home, or for users served by operator-owned femtocells and picocells, a sizable proportion of traffic generated by mobile and portable devices is offloaded from the mobile network onto the fixed network. For the purposes of this study, offload pertains to traffic from dual mode devices (i.e., supports cellular and Wi-Fi connectivity; excluding laptops) over Wi-Fi and small cell networks. Offloading occurs at the user/device level when one switches from a cellular connection to Wi-Fi/small cell access. Our mobile offload projections include traffic from both public hotspots as well as residential Wi-Fi networks.

As a percentage of total mobile data traffic from all mobile-connected devices, mobile offload increases from 45 percent (1.2 exabytes/month) in 2013 to 52 percent (17.3 exabytes/month) by 2018 (Figure 14). Without offload, Global mobile data traffic would grow at a CAGR of 65 percent instead of 61 percent. Offload volume is determined by smartphone penetration, dual-mode share of handsets, percentage of home-based mobile Internet use, and percentage of dual-mode smartphone owners with Wi-Fi fixed Internet access at home.

Figure 14. 52 Percent of Total Mobile Data Traffic Will Be Offloaded by 2018



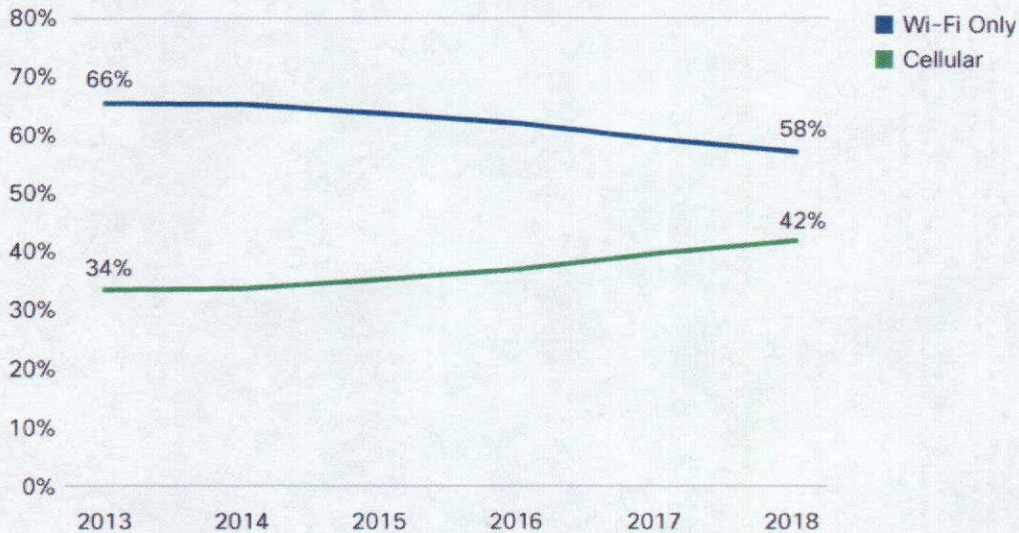
Source: Cisco VNI Mobile, 2014

The amount of traffic offloaded from smartphones will be 51 percent by 2018, and the amount of traffic offloaded from tablets will be 69 percent by 2018.

A supporting trend is the growth of cellular connectivity for devices such as tablets which in their earlier generation were limited to Wi-Fi connectivity only. With increased desire for mobility and mobile carriers offer of data plans catering to multi-device owners, we find that the cellular connectivity is on a rise albeit cautiously as the end users are testing the waters. As a point in case, we estimate that by 2018, 42 percent of all tablets will have a cellular connection up from 34 percent in 2013 (Figure 15).

Figure 15. 42 Percent of Global Tablets Will Be Cellular Connected by 2018

Cellular vs. Wi-Fi Only Tablets Ratio

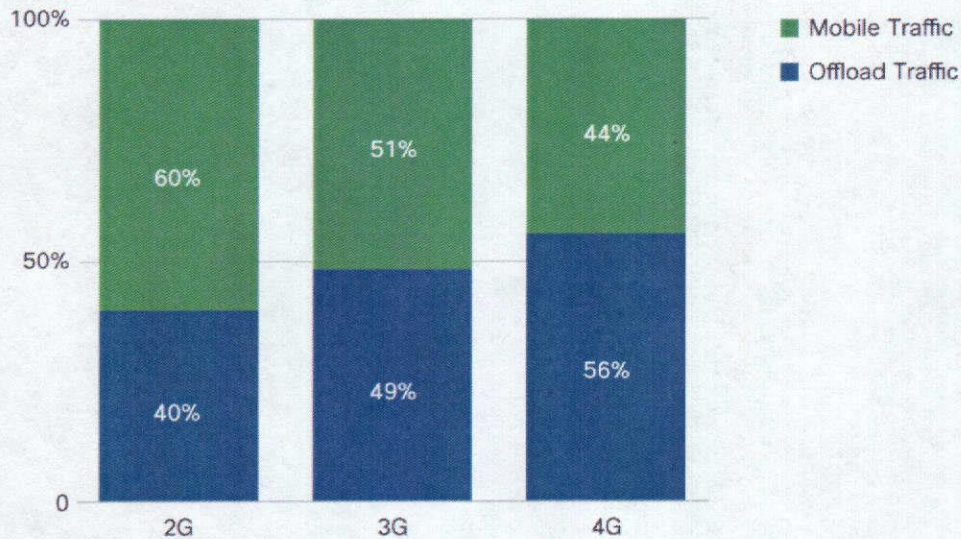


Source: Cisco VNI Mobile, 2014

Some have speculated that Wi-Fi offload will be less relevant once 4G networks are in place because of the faster speeds and more abundant bandwidth. However, 4G networks will attract high-usage devices such as advanced smartphones and tablets, and it appears that 4G plans will be subject to data caps similar to 3G plans. For these reasons, Wi-Fi offload is higher on 4G networks than on lower speed networks, now and in the future according to our projections. The amount of traffic offloaded from 4G was 54 percent at the end of 2013 and will be 56 percent by 2018 (Figure 16). The amount of traffic offloaded from 3G will be 49 percent by 2018, and the amount of traffic offloaded from 2G will be 40 percent by 2018.

Figure 16. Mobile Data Traffic and Offload Traffic, 2018

Mobile and Offload Traffic from Mobile-Connected Devices



Source: Cisco VNI Mobile, 2014

Trend 6: Comparing Mobile Network Speeds

Globally, the average mobile network connection speed in 2013 was 1,387 Kbps. The average speed will grow at a compound annual growth rate of 13 percent, and will exceed 2.5 Mbps by 2018. Smartphone speeds, generally third-generation (3G) and higher, are currently almost three times higher than the overall average. Smartphone speeds will nearly double by 2018, reaching 7 Mbps.

There is anecdotal evidence to support the idea that usage increases when speed increases, although there is often a delay between the increase in speed and the increased usage, which can range from a few months to several years. The Cisco VNI Forecast relates application bit rates to the average speeds in each country. Many of the trends in the resulting traffic forecast can be seen in the speed forecast, such as the high growth rates for developing countries and regions relative to more developed areas (Table 5).

Table 5. Projected Average Mobile Network Connection Speeds (in Kbps) by Region and Country

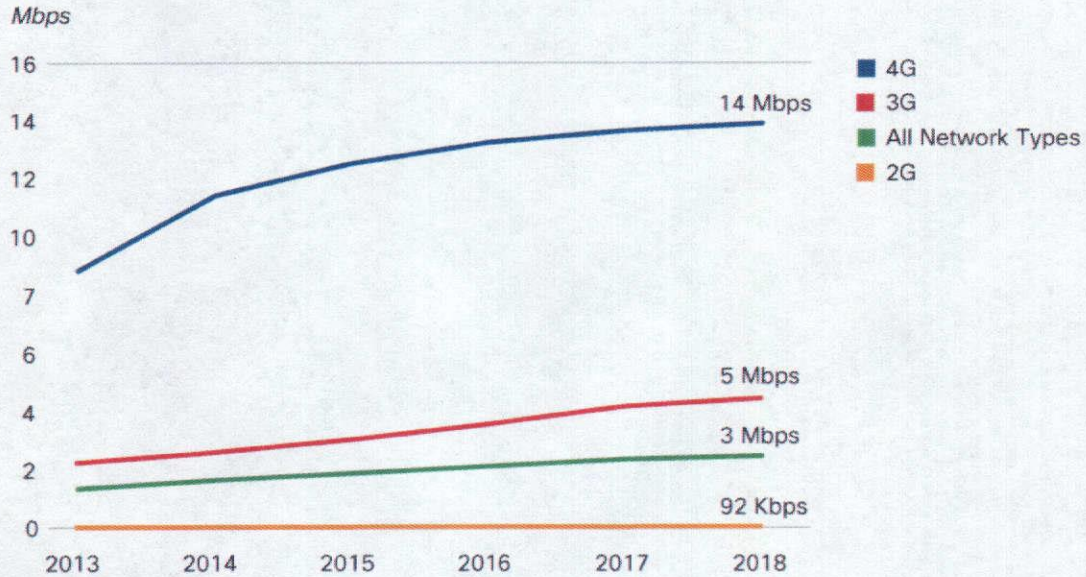
	2013	2013	2014	2015	2016	2018	CAGR 2013–2018
Global							
Global speed: All handsets	1,387	1,676	1,908	2,147	2,396	2,509	13%
Global speed: Smartphones	3,983	4,864	5,504	6,132	6,756	7,044	12%
Global speed: Tablets	4,591	5,584	6,298	6,483	8,018	8,998	14%
By Region							
Middle East & Africa	529	605	675	753	832	900	11%
Central & Eastern Europe	1,351	1,446	1,711	1,945	2,128	2,269	11%
Latin America	684	734	793	856	924	999	8%
Western Europe	1,585	1,735	1,946	2,183	2,452	3,003	14%
Asia-Pacific	1,327	1,492	1,617	1,728	1,863	1,992	8%
North America	1,728	2,010	2,304	2,620	2,988	4,549	21%

Source: Cisco VNI Mobile, 2014

Current and historical speeds are based on data from Cisco's GIST (Global Internet Speed Test) application and Ookla's Speedtest. Forward projections for mobile data speeds are based on third-party forecasts for the relative proportions of 2G, 3G, 3.5G, and 4G among mobile connections through 2018. For more information about Cisco GIST, please visit <http://gistdata.ciscovni.com>.

The speed at which data can travel to and from a mobile device happen in two places: the infrastructure speed capability outside the device, and the connectivity speed from the network capability inside the device. These speeds are actual and modeled end user speeds and not theoretical speeds that the devices, connection or technology is capable of providing. There are several variables that affect the performance of a mobile connection. Roll out of 2G/3G/4G in various countries and regions, technology used by the cell towers, spectrum availability, terrain, signal strength, and number of devices sharing a cell tower. The type of application being used by the end user is also an important factor. Download speed, upload speed and latency characteristics vary widely depending on the type of application, be it video, radio or instant messaging.

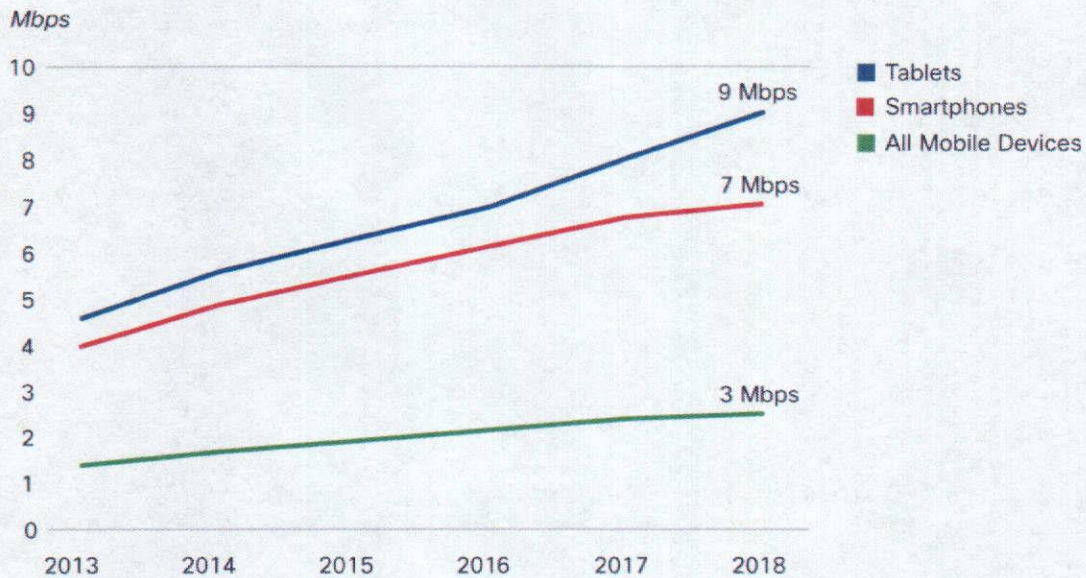
Figure 17. Mobile Speeds by Technology 2G vs. 3G vs. 4G



Source: Cisco VNI Mobile, 2014

4G Speeds will be 6 times higher than that of an average mobile connection by 2018. In comparison, 3G speeds will be twice as fast as the average mobile connection by 2018.

Figure 18. Mobile Speeds by Device



Source: Cisco VNI Mobile, 2014

Trend 7: Reviewing Tiered Pricing—Managing Top Mobile Users

An increasing number of service providers worldwide are moving from unlimited data plans to tiered mobile data packages. To make an initial estimate of the impact of tiered pricing on traffic growth, we repeated a case study based on the data of two Tier 1 global service providers from mature mobile markets. The study tracks data usage from the timeframe of the introduction of tiered pricing three years ago. The findings in this study are based on Cisco's analysis of data provided by a third-party data analysis firm. This firm maintains a panel of volunteer participants who have given the company access to their mobile service bills, including KB of data usage. The data in this study reflects usage associated with over 38,889 devices and spans 12 months (October 2012 through September 2013) and also refers to the study from the previous update for longer term trends. The overall study spans three years. Cisco's analysis of the data consists of categorizing the pricing plans, operating systems, devices, and users; incorporating additional third-party information on device characteristics; and performing exploratory and statistical data analysis. While the results of the study represent actual data from Tier 1 mobile data operators, global forecasts that include emerging markets, and Tier 2 providers may lead to lower estimates.

Over the period of the nearly 3-year study, the percentage of tiered plans compared to all data plans increased from 4 percent to 55 percent, while unlimited plans dropped from 81 percent to 45 percent. This has not, however, constrained usage patterns. From 2012 to 2013, average usage per device on a tiered plan grew from 922 MB per month to 1,081 MB per month, while usage per device of unlimited plans grew at from a higher base of 1,261 MB per month to 1,890 MB per month.

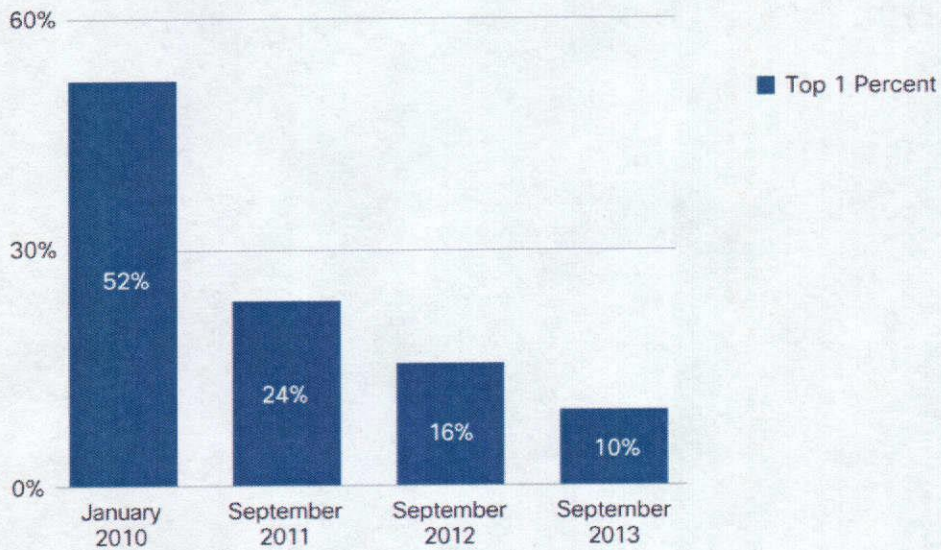
However, tiered plans are effective. There is a narrowing of the bandwidth consumption gap between tiered and unlimited data plan connections, showing the general increase in consumption of mobile data traffic due to the increased consumption of services such as Pandora, YouTube, Facebook, and Netflix. Unlimited plans have promoted the adoption of mobile applications and increased web usage through mobile broadband.

Tiered pricing plans are often designed to constrain the heaviest mobile data users, especially the top 1 percent of mobile data consumers. An examination of heavy mobile data users reveals that the top 1 percent of mobile users is actually the top 3.5 percent, because the top 1 percent of users varies each month. For example, for a mobile data subscriber base of 1000 users; the top 1 percent is 10 users. However, the same set of 10 users does not appear in the top 1 percent category in each month; rather, a larger set of 35 subscribers rotates through the top 1 percent. This top 3.5 percent are the users who have the potential of being in the top 1 percent bracket in any given month and substitute for each other in subsequent months. The trend is due to the nature of consumption of mobile data applications.

The usage per month of the average top 1 percent of mobile data users has been steadily decreasing compared to overall usage. At the beginning of the 3-year study, 52 percent of the traffic was generated by the top 1 percent. At the end of the three year time frame, the top 1 percent generated 10 percent of the overall traffic per month compared to 16 percent in September 2012 (Figure 19). The top 10 percent of mobile users generate as much traffic as the remaining 90 percent of mobile data traffic (Figure 20).

Figure 19. Top 1 Percent Generates 52 Percent of Monthly Data Traffic in Jan 2010 Compared to 10 Percent in Sept 2013

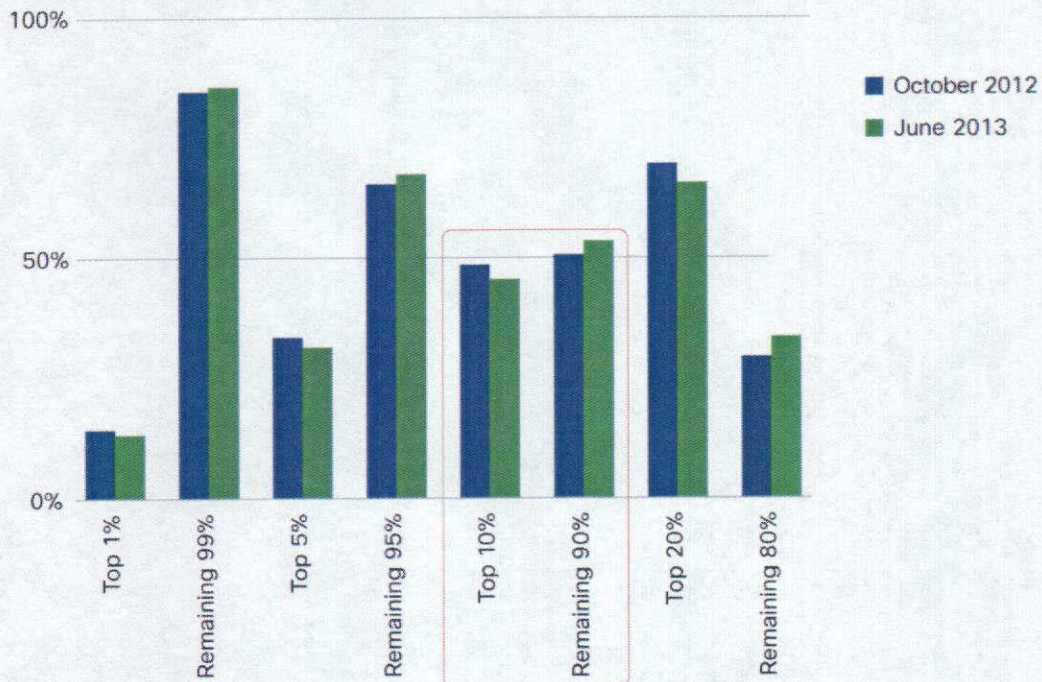
Top 1 Percent Share of Total Monthly Data Traffic



Source: Cisco VNI Mobile, 2014

Figure 20. Top 10 Percent Consumes Nearly As Much As the Remaining 90 Percent

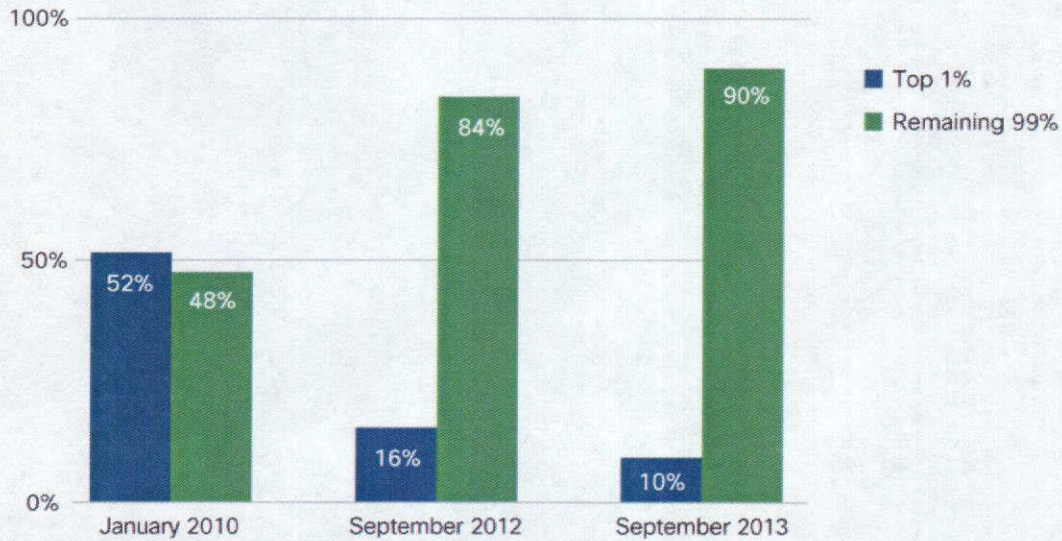
Top Tier Percentage Usage



Source: Cisco VNI Mobile, 2014

Figure 21. Remaining 99 Percent Growing Faster Than Top 1 Percent

MB per User per Month

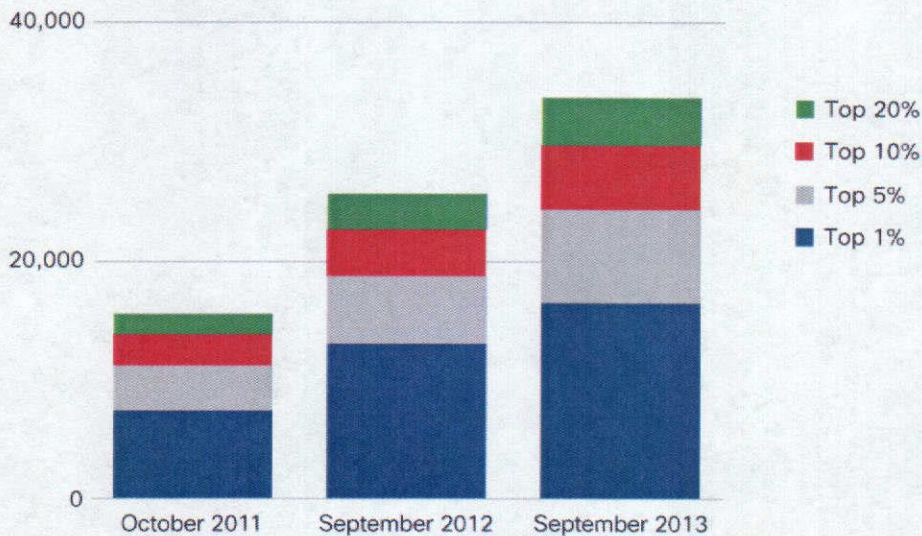


Source: Cisco VNI Mobile, 2014

Additional evidence that tiered pricing plans are effectively constraining the top 1 percent of mobile users, and that the growth is being made up by those outside the top 1 percent, is that the usage of the remaining 99 percent is growing much more rapidly than the top 1 percent (Figure 21). With the introduction of new larger screen smartphones and tablets, there is continued increase in usage in terms of megabytes per month per user in all the top tiers (Figure 22).

Figure 22. All Top Tiers Increase in Absolute Usage (MB per Month) from 2011 to 2013

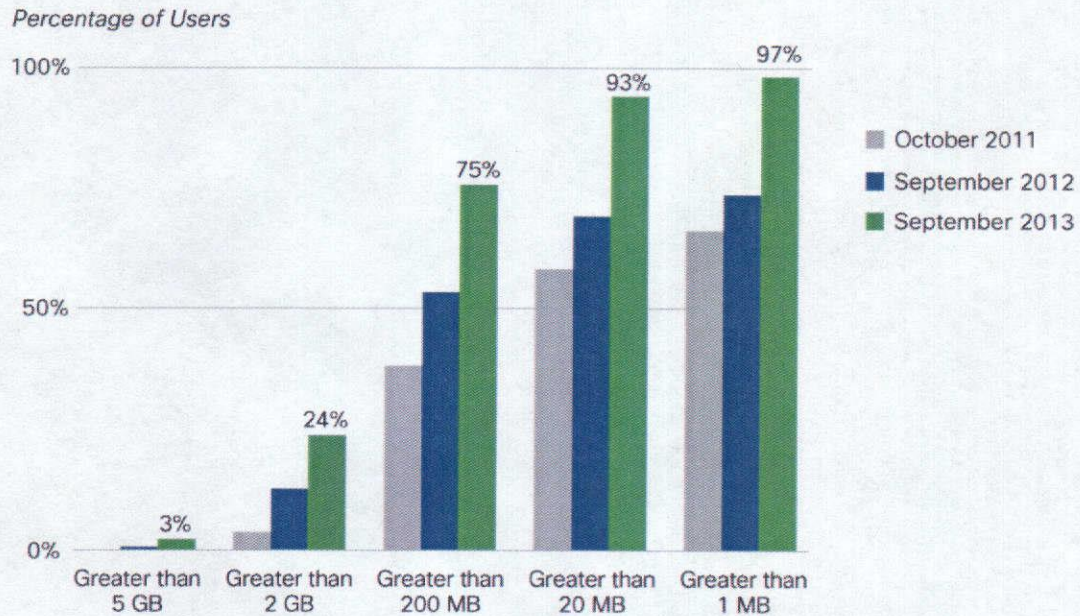
Megabytes per Month



Source: Cisco VNI Mobile, 2014

The proportion of mobile users generating more than 2 gigabytes per month has increased significantly over the past year, reaching 24 percent of users towards the end of 2013 (Figure 23).

Figure 23. 3 Percent of Users Consume 5 GB per Month and 24 Percent Consume over 2 GB per Month



Note: While these averages represent actual data from Tier 1 mobile data operators, global forecasts that include emerging markets and Tier 2 providers will lead to lower estimates.

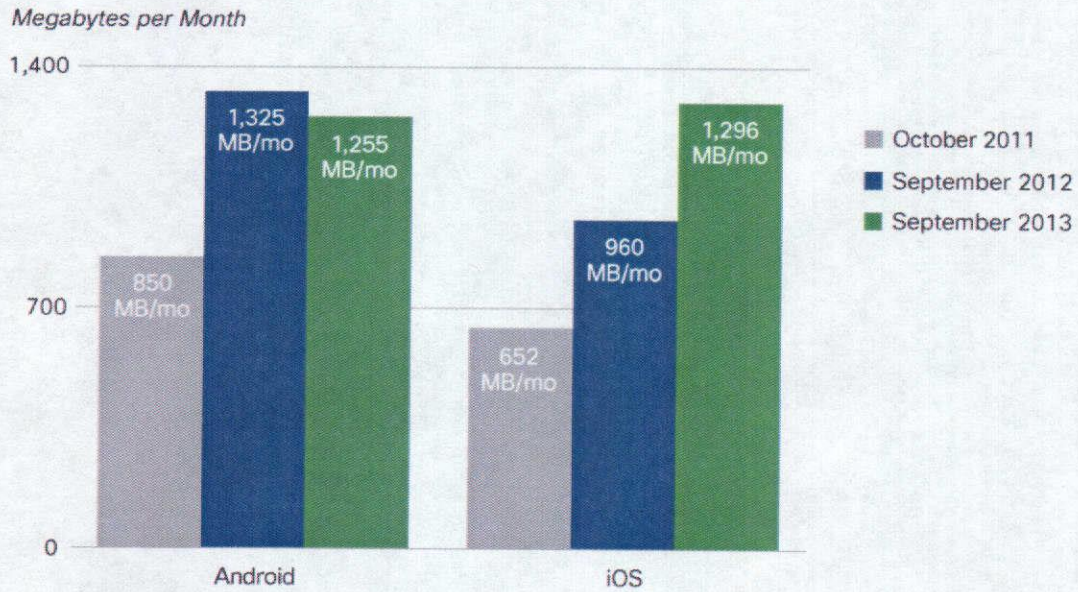
Source: Cisco VNI Mobile, 2014

More detail on the tiered pricing case study is available in Appendix C.

iOS Marginally Surpasses Android in Data Usage

At the beginning of the three year tiered pricing case study, Android data consumption was equal to if not higher than other smartphone platforms. However, Apple-based devices have now caught up and their data consumption is marginally higher than that of Android devices in terms of megabytes per month per connection usage (Figure 24).

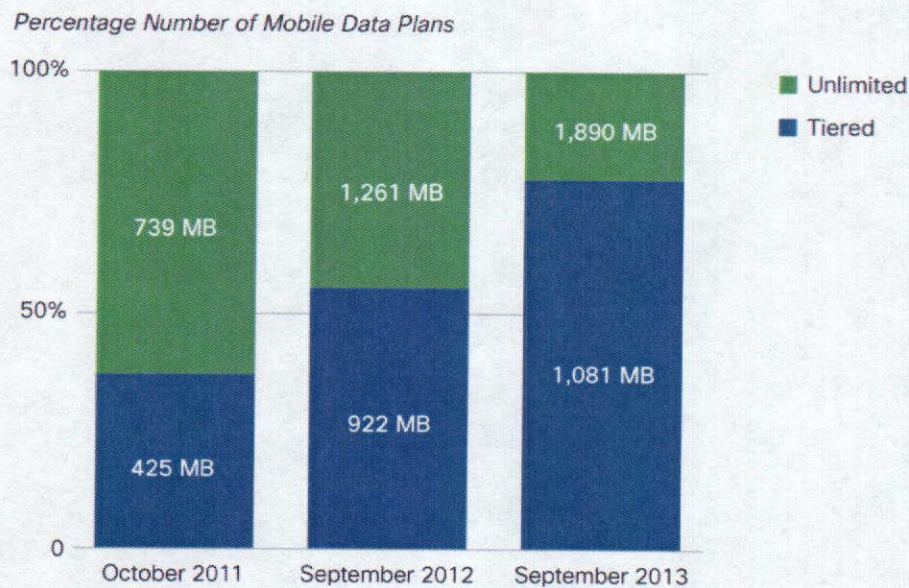
Figure 24. Megabytes per Month by Operating System



Source: Cisco VNI Mobile, 2014

Tiered plans outnumber unlimited plans; unlimited plans continue to lead in data consumption.

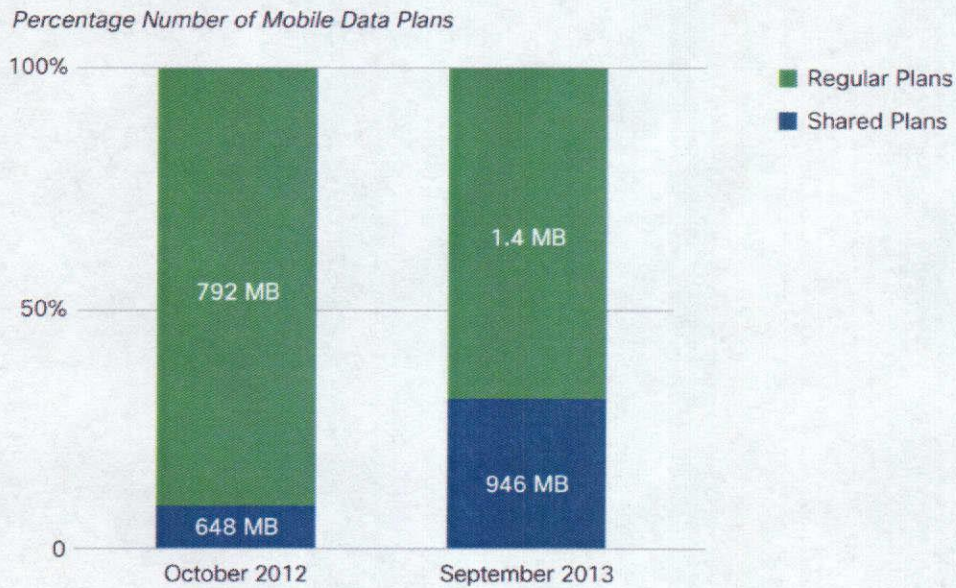
Figure 25. Tiered vs. Unlimited Plans



Source: Cisco VNI Mobile, 2014

The number of shared plans is increasing; there is no clear effect on usage during the short time frame of the study.

Figure 26. Shared vs. Regular Data Plans



Source: Cisco VNI Mobile, 2014

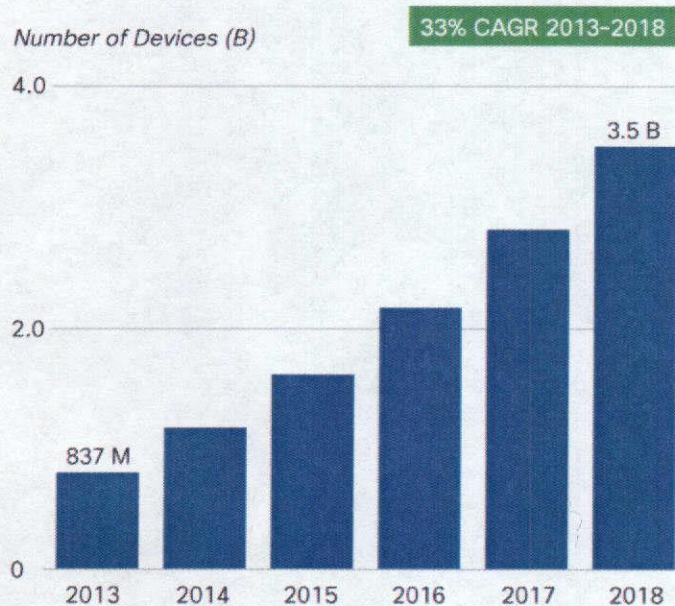
More detail on consumption by operating system is available in Appendix C.

Trend 8: Adopting IPv6—Beyond an Emerging Protocol

The transition to IPv6 is well underway, which helps connect and manage the proliferation of newer-generation devices that are contributing to mobile network usage and data traffic growth. Continuing the Cisco VNI focus on IPv6, the Cisco VNI 2013–2018 Mobile Data Traffic Forecast provides an update on IPv6-capable mobile devices and connections and the potential for IPv6 mobile data traffic.

Focusing on the high-growth mobile-device segments of smartphones and tablets, the forecast projects that globally 79 percent of smartphones and tablets (3.5 billion) will be IPv6 capable by 2018 (up from 46 percent or 837 million smartphones and tablets in 2013). This estimation is based on OS support of IPv6 (primarily Android and iOS) and the accelerated move to higher-speed mobile networks (3.5G or higher) capable of enabling IPv6. (This forecast is intended as a projection of the number of IPv6-capable mobile devices, not mobile devices with an IPv6 connection actively configured by the ISP.)

Figure 27. Global IPv6-Capable Smartphones and Tablets Reach 3.5 Billion by 2018

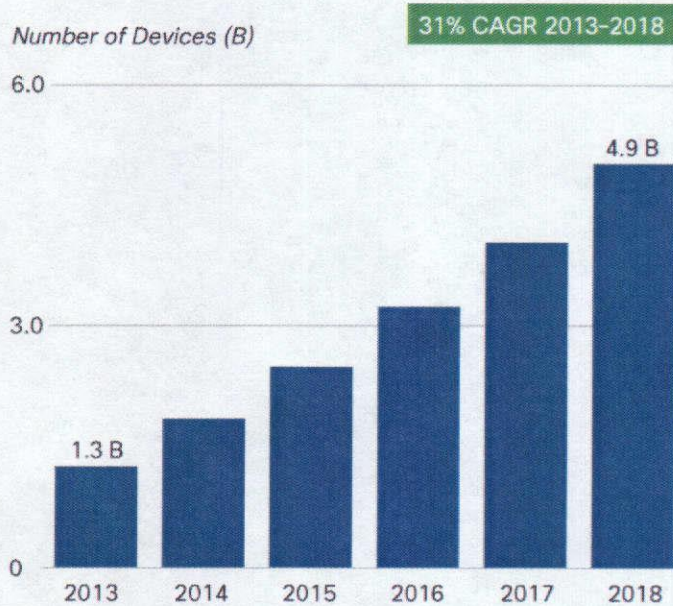


Source: Cisco VNI Mobile, 2014

For all mobile devices and connections, the forecasts project that, globally, nearly half (48 percent) will be IPv6-capable by 2018, up from 18 percent (1.3 billion) in 2013. M2M emerges as a key segment of growth for IPv6-capable devices, reaching nearly 600 million by 2018, a 46-fold increase during the forecast period. With its capability to vastly scale IP addresses and manage complex networks, IPv6 is critical in supporting the IoE of today and in the future. (Refer to Table 15 in Appendix D for more device detail.)

Regionally, Asia Pacific will lead throughout the forecast period with the highest number of IPv6-capable devices and connections, reaching 2.2 billion by 2018. Middle East and Africa and Asia-Pacific will have the highest growth rates during the forecast period, at 35 percent CAGR and 34 percent CAGR respectively. (Refer to Table 16 in Appendix D for more regional detail.)

Figure 28. Global IPv6-Capable Mobile Devices Reach 4.9 Billion by 2018

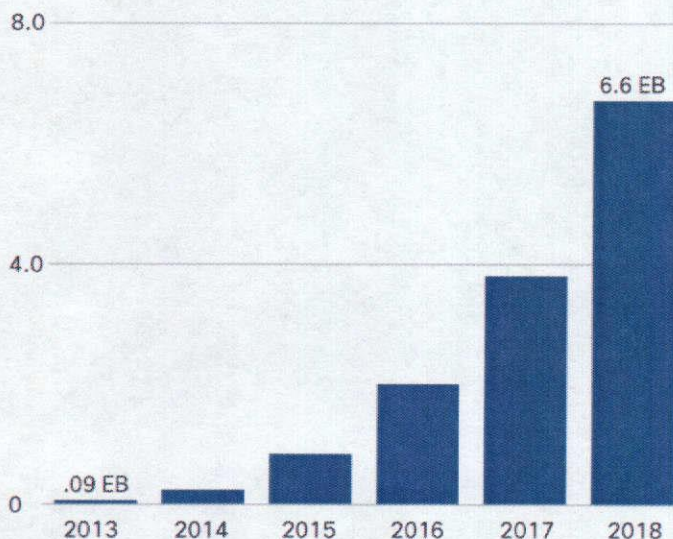


Source: Cisco VNI Mobile, 2014

Considering the significant potential for mobile device IPv6 connectivity, the Cisco VNI Mobile Forecast provides an estimation for IPv6 network traffic based on a graduated percentage of IPv6-capable devices becoming actively connected to an IPv6 network. Looking to 2018, if 50 percent of IPv6-capable devices are connected to an IPv6 network, the forecast estimates that, globally, IPv6 traffic will amount to 6.6 exabytes per month or 40 percent of total mobile data traffic, a 73-fold growth from 2013 to 2018.

Figure 29. Projected IPv6 Mobile Data Traffic Forecast 2013–2018

Exabytes per Month



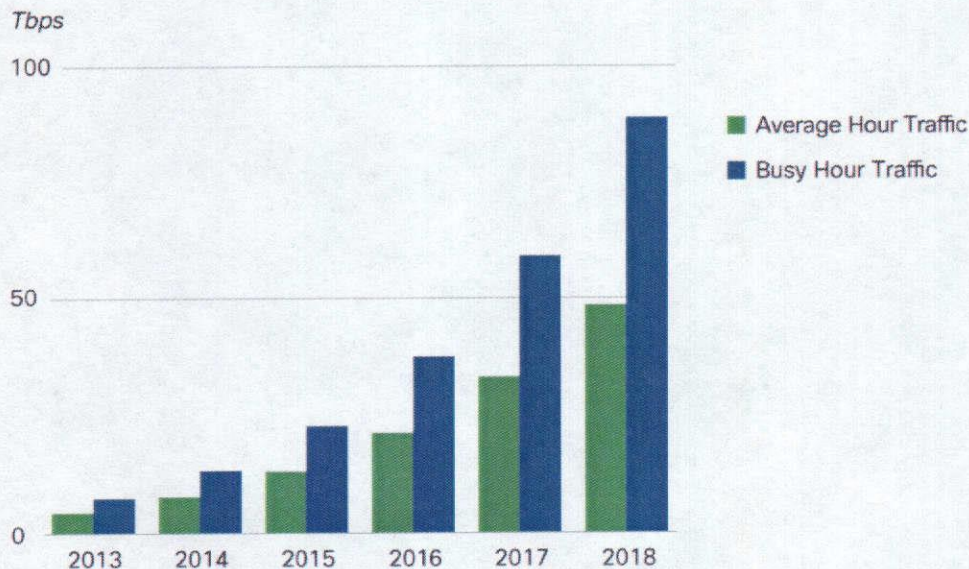
Source: Cisco VNI Mobile, 2014

For additional views on the latest IPv6 deployment trends, visit the [Cisco 6Lab site](#). The Cisco 6Lab analysis includes current statistics by country on IPv6 prefix deployment, IPv6 web content availability, and estimations of IPv6 users. With the convergence of IPv6 device capability, content availability, and network deployment, the discussion of IPv6 moves from “what if” to “how soon will” service providers and end users realize the potential IPv6 has to offer.

Trend 9: Defining Mobile “Prime Time”—Peak vs. Average Usage

Mobile video applications have a “prime time” in that they are predominantly used during certain times of day. Web and general data usage tends to occur throughout the day, but video consumption is highest in the evening. Video therefore has a higher peak-to-average ratio than web and data. Live video and video communications have higher peak-to-average ratios than video-on-demand. As the mobile network application mix shifts towards video, and as the video mix increasingly includes live video and video communication, the overall mobile data peak-to-average ratio increases. Busy hour mobile traffic is growing at a slightly higher pace than average hour traffic, and by 2018 mobile busy hour traffic will be 83 percent higher than average hour traffic by 2018, compared to 66 percent in 2013 (Figure 30).

Figure 30. Mobile Busy Hour Is 66% Higher Than Average Hour in 2013, 83% by 2018



Source: Cisco VNI Mobile, 2014

The faster growth of busy hour traffic is not as pronounced on mobile networks as on fixed networks because mobile networks never had a large amount of peer-to-peer file sharing traffic, which brought down the peak-to-average ratio on fixed networks until video overtook peer-to-peer as the dominant application. Even though the trend is less pronounced, mobile operators will need to plan for a mobile busy hour compound annual growth rate of 64 percent between 2013 and 2018.

Conclusion

Mobile data services are well on their way to becoming necessities for many network users. Mobile voice service is already considered a necessity by most, and mobile data, video, and TV services are fast becoming an essential part of consumers' lives. Used extensively by consumer as well as enterprise segments, with impressive uptakes in both developed and emerging markets, mobility has proven to be transformational. Mobile subscribers are growing rapidly and bandwidth demand due to data and video is increasing. Mobile M2M connections continue to increase. The next 5 years are projected to provide unabated mobile video adoption despite uncertain macroeconomic conditions in many parts of the world. Backhaul capacity must increase so mobile broadband, data access, and video services can effectively support consumer usage trends and keep mobile infrastructure costs in check.

Deploying next-generation mobile networks requires greater service portability and interoperability. With the proliferation of mobile and portable devices, there is an imminent need for networks to allow all these devices to be connected transparently, with the network providing high-performance computing and delivering enhanced real-time video and multimedia. This openness will broaden the range of applications and services that can be shared, creating a highly enhanced mobile broadband experience. The expansion of wireless presence will increase the number of consumers who access and rely on mobile networks, creating a need for greater economies of scale and lower cost per bit.

As many business models emerge with new forms of advertising, media and content partnerships, mobile services including M2M, live gaming, and (in the future) augmented reality, a mutually beneficial situation needs to be developed for service providers and over-the-top providers. New partnerships, ecosystems, and strategic consolidations are expected as mobile operators, content providers, application developers, and others seek to monetize the video traffic that traverses mobile networks. Operators must solve the challenge of effectively monetizing video traffic while increasing infrastructure capital expenditures. They must become more agile and able to quickly change course and provide innovative services to engage the Web 3.0 consumer. While the net neutrality regulatory process and business models of operators evolve, there is an unmet demand from consumers for the highest quality and speeds. As wireless technologies aim to provide experiences formerly only available through wired networks, the next few years will be critical for operators and service providers to plan future network deployments that will create an adaptable environment in which the multitude of mobile-enabled devices and applications of the future can be deployed.

For More Information

Inquiries can be directed to traffic-inquiries@cisco.com.

Appendix A: The Cisco VNI Global Mobile Data Traffic Forecast

Table 6 shows detailed data from the Cisco VNI Global Mobile Data Traffic Forecast. The portable device category includes laptops with mobile data cards, USB modems, and other portable devices with embedded cellular connectivity.

Table 6. Global Mobile Data Traffic, 2013–2018

	2013	2014	2015	2016	2017	2018	CAGR 2013–2018
By Application Category (TB per Month)							
Data	606,405	957,382	1,437,249	2,073,797	2,832,137	3,531,107	42%
File Sharing	66,671	127,235	221,808	308,643	391,641	466,347	48%
Video	793,944	1,458,730	2,579,242	4,370,458	7,094,943	10,956,123	69%
M2M	20,736	49,286	113,415	246,198	490,226	907,472	113%
By Device Type (TB per Month)							
Nonsmartphones	50,425	68,087	91,030	118,901	143,427	154,258	25%
Smartphones	923,361	1,684,096	2,883,253	4,679,786	7,217,671	10,534,617	63%
Laptops	365,011	500,827	678,627	882,051	1,117,171	1,365,892	30%
Tablets	127,027	287,996	581,401	1,065,826	1,829,859	2,881,415	87%
M2M	20,736	49,286	113,415	246,198	490,226	907,472	113%
Other Portable Devices	1,196	2,341	3,987	6,333	10,593	17,394	71%
By Region (TB per Month)							
North America	388,583	624,586	969,032	1,453,312	2,100,830	2,953,875	50%
Western Europe	253,679	389,397	592,818	888,378	1,310,517	1,900,486	50%
Asia Pacific	523,918	953,085	1,670,216	2,777,483	4,441,514	6,717,828	67%
Latin America	91,863	177,273	307,822	505,265	789,313	1,158,090	66%
Central and Eastern Europe	124,059	241,016	434,096	723,186	1,135,470	1,641,205	68%
Middle East and Africa	105,655	207,277	377,731	651,472	1,031,304	1,489,565	70%
Total (TB per Month)							
Total Mobile Data Traffic	1,487,756	2,592,634	4,351,714	6,999,096	10,808,947	15,861,049	61%

Source: Cisco, 2014

The Cisco VNI Global Mobile Data Traffic Forecast relies in part upon data published by Informa Telecoms and Media, Strategy Analytics, Infonetics, Ovum, Gartner, IDC, Dell'Oro, Synergy, ACG Research, Nielsen, comScore, Arbitron Mobile, Maravedis and the International Telecommunications Union (ITU).

The Cisco VNI methodology begins with the number and growth of connections and devices, applies adoption rates for applications, and then multiplies the application's user base by Cisco's estimated minutes of use and KB per minute for that application. The methodology has evolved to link assumptions more closely with fundamental factors, to use data sources unique to Cisco, and to provide a high degree of application, segment, geographic, and device specificity.

- **Inclusion of fundamental factors.** As with the fixed IP traffic forecast, each Cisco VNI Global Mobile Data Traffic Forecast update increases the linkages between the main assumptions and fundamental factors such as available connection speed, pricing of connections and devices, computational processing power, screen size and resolution, and even device battery life. This update focuses on the relationship of mobile connection speeds and the KB-per-minute assumptions in the forecast model. Proprietary data from the [Cisco Global Internet Speed Test \(GIST\) application](#) was used as a baseline for current-year smartphone connection speeds for each country.
- **Device-centric approach.** As the number and variety of devices on the mobile network continue to increase, it becomes essential to model traffic at the device level rather than the connection level. This Cisco VNI Global Mobile Data Traffic Forecast update details traffic to smartphones; nonsmartphones; laptops, tablets, and netbooks; e-readers; digital still cameras; digital video cameras; digital photo frames; in-car entertainment systems; and handheld gaming consoles.
- **Estimation of the impact of traffic offload.** The Cisco VNI Global Mobile Data Traffic Forecast model now quantifies the effect of dual-mode devices and femtocells on handset traffic. Proprietary data from Cisco's IBSG Connected Life Market Watch was used to model offload effects.
- **Increased application-level specificity.** The forecast now offers a deeper and wider range of application specificity.

Appendix B: Global 4G Networks and Connections

Table 7. Regional 4G Connections Growth

	2013		2018	
	Number of 4G Connections	% of Total Connections	Number of 4G Connections	% of Total Connections
Asia Pacific	80,920,533	2.3%	667,956,749	13.1%
Central and Eastern Europe	1,846,331	0.3%	88,665,716	10.1%
Latin America	936,408	0.1%	86,222,002	9.1%
Middle East and Africa	3,648,081	0.3%	86,576,973	5.3%
North America	104,290,345	24.5%	372,559,550	50.6%
Western Europe	11,458,739	1.9%	228,065,764	24.3%
Global	203,100,439	2.9%	1,530,046,754	15.0%

Source: Cisco, 2014

Table 8. Regional Wearable Devices Growth

	2013		2018	
	Number of Wearable Devices	% of Global	Number of Wearable Devices	% of Global
Asia Pacific	4,502,201	20.8%	43,810,250	24.8%
Central and Eastern Europe	1,078,646	5.0%	9,864,884	5.6%
Latin America	984,497	4.5%	9,709,040	5.5%
Middle East and Africa	712,403	3.3%	7,955,103	4.5%
North America	9,063,366	41.8%	59,829,286	33.8%
Western Europe	5,347,081	24.7%	45,775,527	25.9%
Global	21,688,195	100.0%	176,944,090	100.0%

Source: Cisco, 2014

Appendix C: A Case Study on the Initial Impact of Tiered Pricing on Mobile Data Usage

The Changing Role of the Top 1 Percent of Mobile Data Subscribers

Three years ago, the top 1 percent of mobile data subscribers was responsible for a disproportionate amount of mobile data traffic. However, according to the data from this study, this disproportion is becoming less pronounced with time. The amount of traffic due to the top 1 percent of subscribers declined from 52 percent in January 2010 to 10 percent in September 2013. In the recent iteration of the study from October 2012 to September 2013, the amount of traffic due to the top 1 percent of the subscribers declined from 15 percent to 10 percent (Table 9).

Table 9. Percentage of Traffic by User Tier, Months October 2012–September 2013

Data Users	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
% traffic due to Top 1%	15%	14%	15%	15%	19%	17%	15%	13%	14%	13%	12%	10%
% traffic due to Top 10%	49%	48%	48%	47%	59%	59%	48%	46%	46%	42%	42%	40%

Source: Cisco VNI, 2014

Table 10. Average Traffic by User Tier in MB per Month

Average MB per Month	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Top 1%	12,445	12,635	12,278	13,230	12,180	10,699	15,697	12,738	15,807	16,281	16,424	12,785
Top 5%	5,399	5,632	5,450	5,724	5,225	4,750	6,525	5,958	6,748	7,213	7,501	6,799
Top 10%	3,827	4,008	3,857	4,059	3,687	3,438	4,626	4,341	4,824	5,179	5,392	5,048
Top 20%	2,727	2,862	2,701	2,953	2,549	2,422	3,293	3,166	3,451	3,690	3,840	3,689

Source: Cisco VNI, 2014

Tiered pricing plans have lower megabyte-per-month consumption compared to unlimited plans. However, the overall measures displayed healthy growth with few signs of growth slowing, and the move to tiered pricing does not appear to have an immediate effect on overall mobile data traffic.

The number of mobile data users generating more than 2 GB per month has doubled over the course of the study, and the percentage of users generating over 200 MB per month reached 75 percent (Table 11).

Table 11. One Percent of Mobile Data Users Consume 5 GB per Month

%	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Greater than 5 GB	1%	2%	1%	2%	2%	2%	2%	2%	2%	3%	3%	3%
Greater than 2 GB	12%	13%	11%	15%	16%	17%	16%	17%	18%	20%	23%	24%
Greater than 200 MB	54%	56%	56%	56%	57%	58%	59%	60%	62%	74%	75%	75%
Greater than 20 MB	70%	72%	72%	73%	74%	74%	74%	76%	77%	93%	93%	93%

Source: Cisco VNI, 2013

The rapid increase in data usage presents a challenge to service providers who have implemented tiers defined solely in terms of usage limits. Mobile data caps that fall too far behind usage volumes may create opportunities for competitors in the market. Therefore, many service providers are creating more nuanced tiers, shared data plans and data add-ons, such as a separate charge for tethering and hotspot functionality. Such offerings tend to require less vigilance on the part of subscribers than data caps, yet still monetize scenarios that tend to have high data usage. Shared data family plans are being introduced and their effects on overall mobile data traffic are yet to be determined.

Mobile Data Traffic Volume by Operating System

While the effect of the tiered plan is clear, the average consumption per connection continues to increase for both tiered and unlimited plans. Both Android- and Apple-based devices are prominent bandwidth promoters in tiered as well as unlimited plans. Android-based devices led in average megabyte-per-month usage with unlimited plans and Apple-based iOS led in usage with tiered plans (Tables 12 and 13).

Table 12. MB per Month Usage per Mobile Operating System in Unlimited Plans

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Android	1,497	1,585	1,601	1,733	1,938	1,857	2,288	1,964	2,435	2,447	2,583	2,226
iOS	1,131	1,246	1,191	1,211	1,311	1,214	1,380	1,449	1,559	1,635	1,759	1,767
Palm OS	819	414	497	543	876	1,288	882	1,144	1,658	228	491	886
Windows	501	630	484	1,259	2,083	2,332	1,685	1,480	1,655	1,678	1,079	804
Blackberry	168	192	167	138	152	128	243	308	302	309	437	411

Source: Cisco VNI, 2014

Table 13. MB per Month Usage per Mobile Operating System in Tiered Pricing Plans

Operating System	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
iOS	748	835	782	893	929	943	958	983	1,049	1,068	1,132	1,122
Android	451	468	462	515	565	582	585	583	632	944	1,000	1,051
Windows	607	531	611	632	731	829	748	760	876	926	882	976
Blackberry	229	250	203	261	292	277	263	314	345	403	445	415
Palm OS	75	130	157	199	176	213	171	224	154	261	253	244

Source: Cisco VNI, 2014

Shared data plans have been introduced in mature markets and the initial findings show lower traffic usage in shared plans; but both shared as well as regular plans continue to grow in terms of usage per month.

Table 14. Table 14: Shared vs. Regular Plans

Shared vs. Regular Plan (MB/month)	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Regular Plan	792	840	808	877	953	942	1,006	995	1,107	1,345	1,432	1,416
Shared Plan	648	733	703	725	752	742	808	798	841	908	952	946

Source: Cisco VNI, 2014

Appendix D: IPv6-Capable Devices, 2013–2018

Table 15 provides regional IPv6-capable forecast detail. Table 16 provides the segmentation of IPv6-capable devices by device type.

Table 15. IPv6-Capable Devices by Device Type, 2013–2018

Devices (K)	2013	2014	2015	2016	2017	2018	CAGR 2013–2018
Global	1,294,935	1,841,342	2,471,825	3,173,249	3,961,932	4,934,672	31%
Laptops	121,760	150,661	178,331	204,668	232,977	258,095	16%
M2M	12,720	37,258	86,692	176,847	329,307	586,186	115%
Nonsmartphones	309,801	435,880	544,815	577,148	548,431	546,823	12%
Other Portables	14,005	13,293	13,040	15,069	18,573	22,698	10%
Smartphones	766,567	1,089,696	1,473,281	1,944,511	2,476,418	3,049,246	32%
Tablets	70,082	114,554	175,667	255,006	356,226	471,625	46%

Source: Cisco, 2014

Table 16. IPv6-Capable Devices by Region, 2013–2018

Devices (K)	2013	2014	2015	2016	2017	2018	CAGR 2013–2018
Global	1,294,935	1,841,342	2,471,825	3,173,249	3,961,932	4,934,672	31%
Asia Pacific	526,332	770,169	1,063,814	1,378,683	1,759,816	2,261,164	34%
Latin America	110,158	164,800	228,623	301,506	377,236	465,365	33%
North America	185,044	237,832	291,560	357,057	424,930	503,103	22%
Western Europe	235,026	313,392	390,085	473,251	553,732	639,970	22%
Central and Eastern Europe	105,196	156,350	219,743	298,522	385,027	467,562	35%
Middle East and Africa	133,179	198,800	278,000	364,231	461,190	597,508	35%

Source: Cisco, 2014



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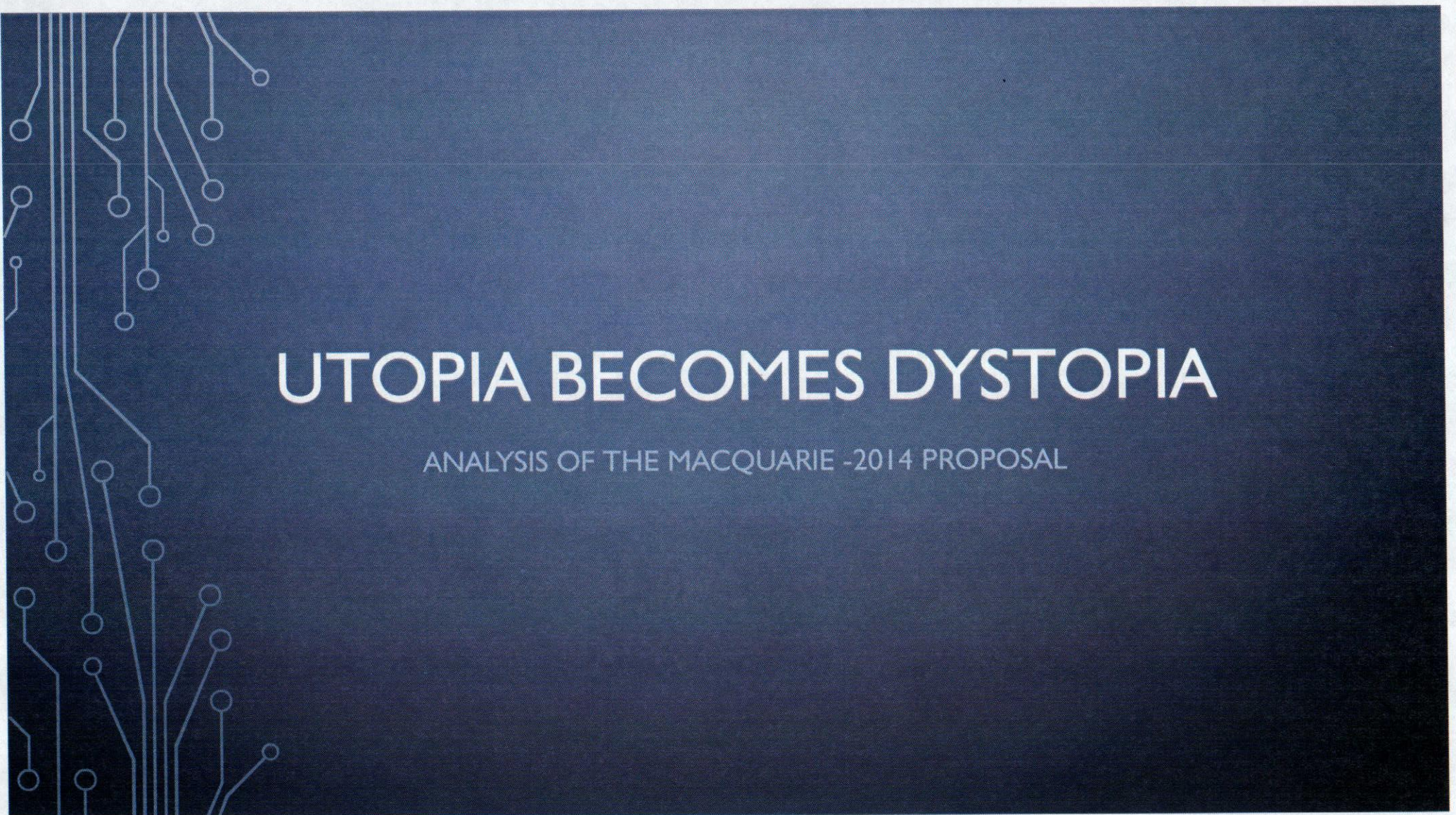
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UTOPIA BECOMES DYSTOPIA

ANALYSIS OF THE MACQUARIE -2014 PROPOSAL

WHAT ARE YOU USING THE INTERNET FOR?

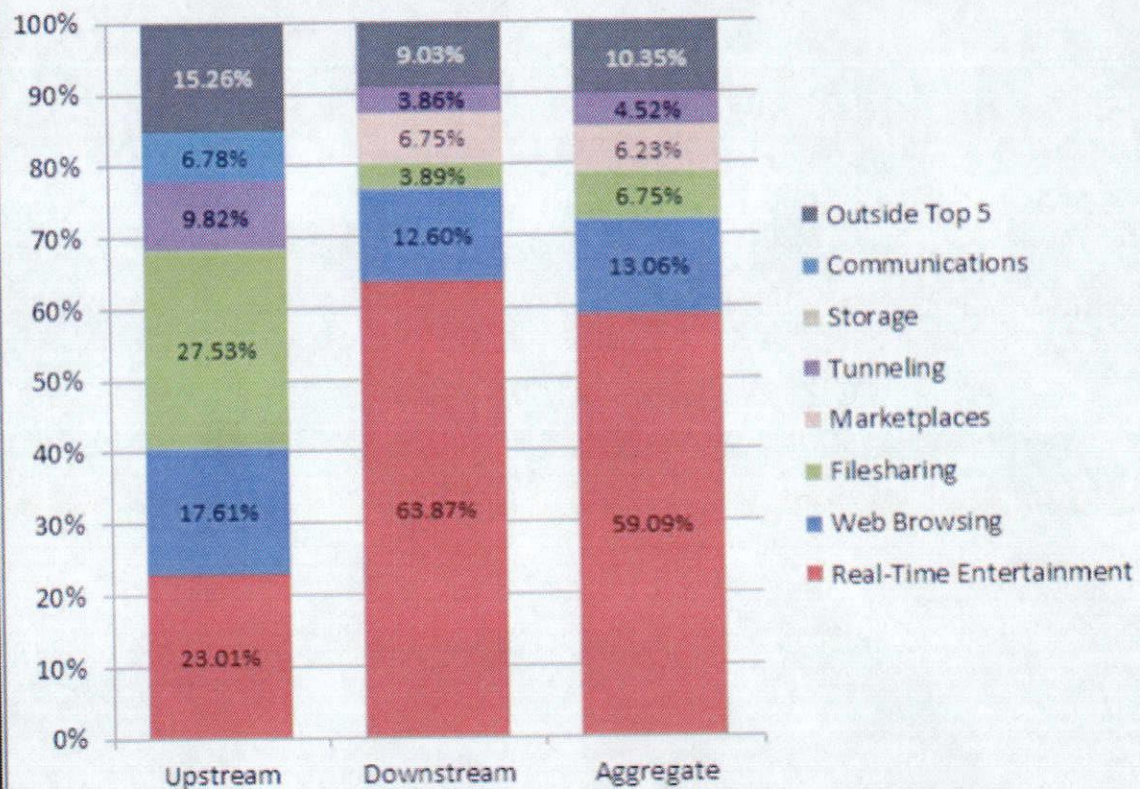
- Email
- Business communications
- Video conferencing
- Online Shopping
- Data backups
- Video/Music streaming
- Playing games
- Social Media

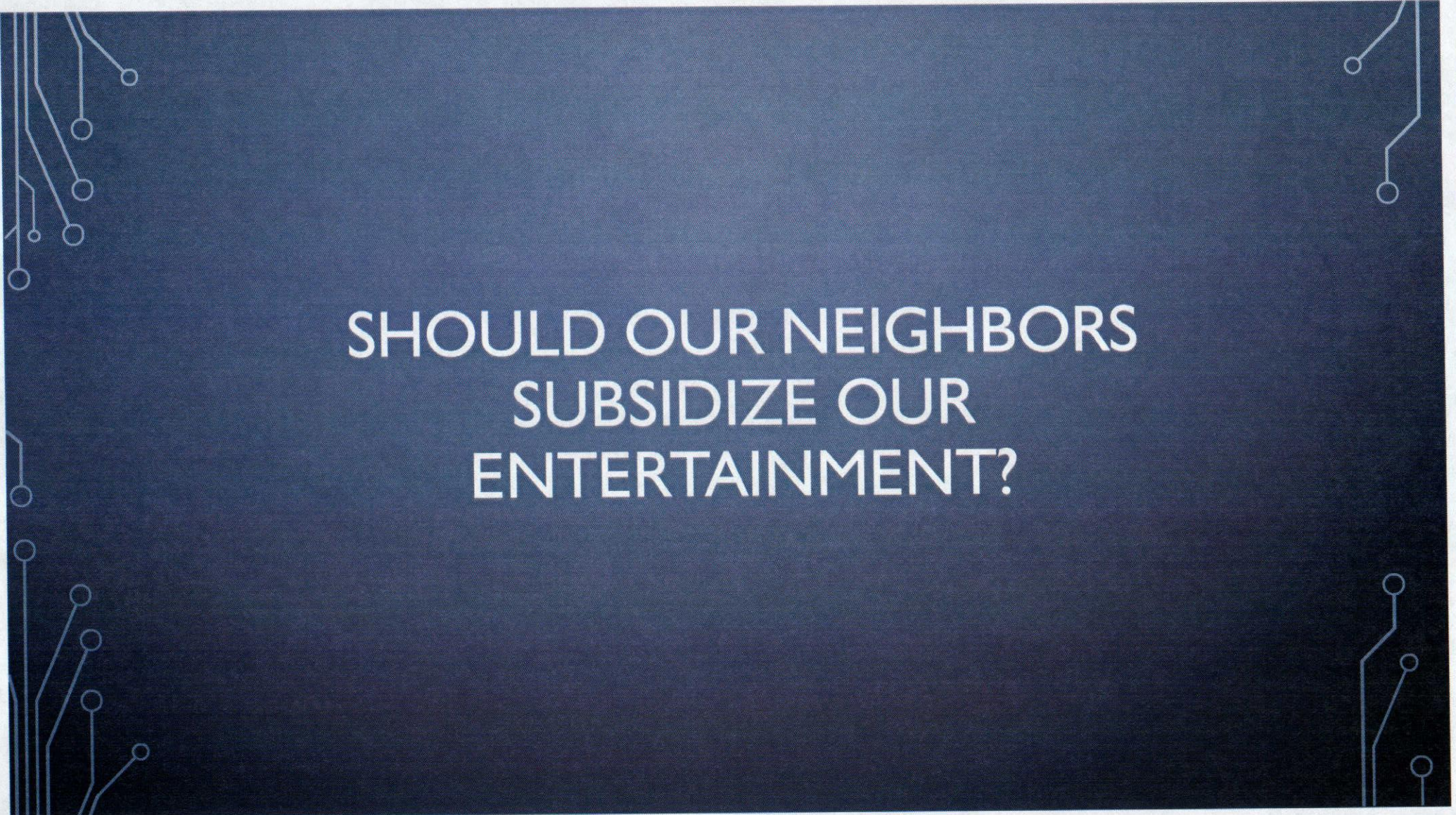
Hyper Giants 2013

Site	Rank	Pct. Users	Pct. Traffic	Industries
 google.com	2	58.479	11.380	Internet
 youtube.com streaming	5	39.069	9.797	Internet
 netflix.com streaming	27	14.501	8.014	Entertainment
 microsoft.com	4	41.033	2.288	Computer Software
 pandora.com streaming,music	35	12.730	2.162	Internet
 apple.com	10	29.392	1.839	Consumer Electronics
 facebook.com social	1	58.927	1.769	Internet
 gmail.com mail	14	25.149	1.323	Internet
 hulu.com streaming	172	3.495	0.799	Internet
 valve.com games	235	2.578	0.743	Computer Games
 api.facebook.com social	6	38.283	0.648	Internet

How we are really using the Internet

Peak Period Traffic Composition
(North America, Fixed Access)





SHOULD OUR NEIGHBORS
SUBSIDIZE OUR
ENTERTAINMENT?

ESCALATION OF COMMITMENT

- Current street value of Centerville's UTOPIA Infrastructure = \$8 Million
- Current bond debt held by Centerville for UTOPIA = \$16 Million
- Current bond debt held by Centerville for UIA = \$2.3 Million
- Proposed PPP Utility Fees to be levied against Centerville residents which will be our third tax to build out UTOPIA outside of our town totals:

\$53

"The sky isn't falling as some have claimed. Some of the rumors we have heard are that City finances are in trouble because of UTOPIA...Please be assured that our City is well-managed and is in great financial shape...Utopia presents challenges, but City expenditures on UTOPIA are less than 4% of the budget. The UTOPIA fiber optic network is available to all of our residents and UTOPIA is making progress."

-Mayor Russell, Councilmembers Lindstrom, Allen, Averett, and Higginson
Oct 10, 2013 Open Letter to Centerville residents

CENTERVILLE TAXPAYER BURDEN

Year	1	2	3	4	5	26	27	28	29	30	
Monthly to Resident	\$20.00	\$20.50	\$21.01	\$21.54	\$22.08	\$37.08	\$38.01	\$38.96	\$39.93	\$40.93	
Annual to Resident	\$240.00	\$246.00	\$252.15	\$258.45	\$264.92	\$444.95	\$456.07	\$467.47	\$479.16	\$491.14	
											**Total Cost of Network from Utility fee collection
*Monthly to Centerville	\$99,920.00	\$102,418.00	\$104,978.45	\$107,602.91	\$110,292.98	\$185,246.09	\$189,877.25	\$194,624.18	\$199,489.78	\$204,477.03	
Annual to Centerville	\$1,199,040.00	\$1,229,016.00	\$1,259,741.40	\$1,291,234.94	\$1,323,515.81	\$2,222,953.13	\$2,278,526.96	\$2,335,490.13	\$2,393,877.39	\$2,453,724.32	\$52,641,097.20
*Mail addresses - does not include business upcharge or mdu discount **Does not include current bond obligations \$16M UTOPIA, \$2.8M UIA, and operating subsidies Assumes Average CPI of 2.5%											

Total Tax Commitment:

$\$16,000,000 + \$2,800,000 + \$53,000,000(\text{Utility Fee}) =$

\$71,800,000

Who would take out a ~30% interest 30 year mortgage on a \$8 million dollar network?

USE OF PROCEEDS –UTILITY FEE

PPP Funding								
Network Year	1	2	3	4	5	28	29	30
Monthly Utility Fees	\$3,000,000.00	\$3,075,000.00	\$3,151,875.00	\$3,230,671.88	\$3,311,438.67	\$5,843,400.05	\$5,989,485.06	\$6,139,222.18
Annual Intake	\$36,000,000.00	\$36,900,000.00	\$37,822,500.00	\$38,768,062.50	\$39,737,264.06	\$70,120,800.66	\$71,873,820.68	\$73,670,666.19
Total Utility Fee Collections		\$1,580,497,313						
Payback Year (2/3 Proceeds usage)	Year 13	\$327,782,338						
Excess fees collected	Years 13-30	\$1,083,857,406						

Unnecessary Tax Burden
\$1 Billion

FROM HUMBLE ORIGINS

Question:

How is it possible that a ten year old network has managed to grow from only needing \$85 million to a potential total tax burden of **\$1.9 Billion?**

- From 2004 until now, UTOPIA has managed to create \$343 Million in tax liabilities.
- The conversion to a PPP will create an additional \$1.5 Billion in direct levies against every household.
- UTOPIA is a case study in reckless and incompetent management.
- Historically ineffective UTOPIA and UIA oversight boards.
- No accountability for wasting millions of tax dollars.

Question:

Many key board members for UTOPIA and UIA have been in office since 2004. How can taxpayers trust these same people to negotiate anything to the benefit of residents since they have proven ineffective to date?

The image features a dark blue rectangular background with white circuit-like lines in the corners. These lines consist of small circles connected by straight lines, resembling a stylized circuit board or network diagram. The lines are positioned in the top-left, top-right, bottom-left, and bottom-right corners of the dark blue area.

RISK AND EXPOSURE

LEGAL

ETHICAL

WHAT HAPPENS IF WE SAY NO?

TECHNOLOGY

LEGAL

- No legal precedents exist for a fiber network PPP
(Remember UTOPIA was a first of its kind in the country, let's not do that again)
- Illegal monopoly challenge by telecommunications providers (UTOPIA II)
- Class action lawsuits-Disparity in utility fee structure, non-essential 'utility'
- Violates Section 253 of the Federal Telecom Act
 - Unlawful barrier to entry
- Creates illegal price fixing syndicate stifling a competitive marketplace
 - Basic service of 3MB has a set value of zero by the PPP.
- Only established ISPs will be able to absorb costs – no new players

ETHICAL

- Local government becomes the revenue collection arm of a private company.
- Turning off life critical utilities to force payment against a luxury service.
- Loss of employment– Smart phone or UTOPIA, there is no choice!
- Underprivileged residents will see zero benefit without computing hardware.
- PPP defines via data cap what your allowed use of the Internet is. This creates the very digital divide UTOPIA wants to solve.
- Should Centerville continue to create new taxes for a FAILED enterprise?
- If Centerville's finances are in good shape, why put them at risk?
- Are Cenerville's entertainment needs worth \$72 Million of taxpayer dollars?

WHAT HAPPENS IF WE SAY NO?

Centerville does not yoke its residents with \$53 million in new taxes.

“Equity imbalance” of \$8 million remains a baseless threat.

Centerville has zero obligation to financially offset UTOPIA’s poor management decisions

Service to residents continues – we do not go dark

Centerville represents over 10% of the entire UTOPIA subscriber base

Debt service - Bonds are NOT callable. The network is not pledged, our tax dollars are.

‘You are correct that it is not a formal financial debt listed on any balance sheet. Centerville is not being called upon to repay this "equity imbalance" at this time under the current structure.’ – Mayor Cutler

TECHNOLOGY

Question: Why were there so few signups at \$99 installation fee West Valley City?

- High speed data is not a universal need – bad value proposition.
- Access was available through other means –smart phones, wireless, and existing providers
- UTOPIA has and continues to use unrealistic assumptions about uptake rates – 50% was never possible and is still doubtful

WIRED VERSUS WIRELESS

“Over two-thirds of the world’s mobile data traffic will be video by 2018”

—Cisco Whitepaper 2014

*The Mobile Network Through 2018

Mobile data traffic will reach the following milestones within the next five years.

- Monthly global mobile data traffic will surpass 15 exabytes by 2018.
- The number of mobile-connected devices will exceed the world’s population by 2014.
- The average mobile connection speed will surpass 2 Mbps by 2016.
- Due to increased usage on smartphones, smartphones will reach 66 percent of mobile data traffic by 2018.
- Monthly mobile tablet traffic will surpass 2.5 exabyte per month by 2018.
- Tablets will exceed 15 percent of global mobile data traffic by 2016.
- 4G traffic will be more than half of the total mobile traffic by 2018.

“Wireless access will be ubiquitous long before UTOPIA ever pays for itself”

—George McEwan 2004

*http://www.cisco.com/c/en/us/solutions/collateral/service-provider/visual-networking-index-vni/white_paper_c11-520862.html

BASIC 3MB SERVICE -20GB TRANSFER CAP

The Netflix logo, consisting of the word "NETFLIX" in white, bold, sans-serif capital letters with a black drop shadow, set against a red rectangular background.

- Low (0.3 GB per hour)
- Medium (SD: 0.7 GB per hour)
- High (HD: 3 GB per hour, 3D: 4.7 GB per hour, 4K: 7 GB per hour)

Data cap in 6 hours!!!!

THE MYTH OF THE GIGABIT

Majority of residents do not have the correct router- \$250 to \$350

Upstream throttling prevents throughput:

- Net Neutrality
- Bad network design
- Too many users

THE MYTH OF THE GIGABIT CONNECTION

A residence cannot consume a 1gb of data flow

The Netflix logo, consisting of the word "NETFLIX" in white, bold, sans-serif capital letters, set against a red rectangular background.

0.5 Megabits per second - Required broadband connection speed

1.5 Megabits per second - Recommended broadband connection speed

3.0 Megabits per second - Recommended for SD quality

5.0 Megabits per second - Recommended for HD quality

25 Megabits per second - Recommended for 4K quality

200 HD Televisions at the same time!

THE MYTH OF THE GIGABIT

Let's build up a super techie household that can actually use 1gb.

- 10 HD televisions running - 50 Mb (950 Mb remaining)
- 10 4K televisions -250 Mb (700 Mb remaining)
- 100 video Skype calls 150 Mb (550 Mb remaining)
- 100 computers backing up to iCloud 200 Mb (350 remaining)
 - 70 concurrent HD video streams from your home web server Finally out of bandwidth!

SUMMARY

- Centerville met its obligations to UTOPIA. We should not be forced to pay \$52 Million more because of UTOPIA's mismanagement.
- Residents are already burdened with two taxes because of UTOPIA, there is no justification to add a third.
- We don't need a \$1.9 Billion subsidy to watch TV.
- The private sector is currently providing solutions
- There are alternatives! Centerville needs to step away from the Macquarie high pressure, used car sales tactics. Stop spending exploratory dollars today – No to Milestone 2.

Utopia Deals of the Century	Original Deal (2004)	Macquarie (2014)
Proposal to build out a ubiquitous fiber network	yes	yes
City is wholly dependent on the proposing partner	yes	yes
Artificially short review window before decision is required	yes	yes
Assurance of large-scale player(s) if it is accepted	yes (AT&T + RUS)	yes (unidentified "large companies")
High take rates projected	yes (50 %)	yes (30-50%)
Claims of being in best interest of Centerville	yes	yes
Expectation that cities/citizens would need to fund it	no	yes
Ultimately funded on the backs of the citizens	yes	yes
Suggestion that continuing would help pay off original debt (w/ sufficient take rate)	yes	yes
Cities locked in to deal once it is accepted	yes	yes (short window <u>now</u> to buy our way out)
Peer pressure of "hard feelings" if not continuing w/ the group of cities	yes (UIA & assessments)	yes
Dire consequences predicted if Centerville doesn't continue	yes (lack of high speed internet)	yes (huge debt & lack of high speed internet)
30 (or more) year commitment	yes	yes
Cost per home/ per month	\$8 increasing to \$12.30 currently comes from City General Fund to service original Utopia debt	\$18-\$20 direct utility fee increasing annually w/ no cap and no appeal option. Additional rate covenants, etc. to assure profit to Macquarie. <u>Plus</u> , \$8 increasing to \$12.30 from City General Fund to service original Utopia debt.
20 GB data cap for basic service (monthly)	No (data cap only per contract with individual ISP)	Yes (ALL service stops when cap is reached. After that, 911 calls might require prior separate agreement between emergency agencies & Macquarie or the Wholesaler.)

CENTERVILLE CITY COUNCIL

Staff Backup Report 6/3/2014

Item No. 6.

Short Title: City Manager's Report

Initiated By: City Manager

Scheduled Time: 9:10

SUBJECT

- a. Community Park Expansion Project
- b. Parrish & Main Intersection Project
- c. I-15 Express Lane Project
- d. Changes in newsletter schedule

RECOMMENDATION

BACKGROUND

The City Manager will update the City Council about the three projects identified above. He will also suggest a modification to the City Newsletter schedule for the rest of 2014.

CENTERVILLE CITY COUNCIL

**Staff Backup Report
6/3/2014**

Item No. 7.

Short Title: Miscellaneous Business

Initiated By:

Scheduled Time: 9:30

SUBJECT

RECOMMENDATION

BACKGROUND

No topics are identified at this time under this heading.

CENTERVILLE CITY COUNCIL

Staff Backup Report 6/3/2014

Item No. 8.

Short Title: Closed meeting, if necessary, for reasons allowed by state law, including, but not limited to, the provisions of Section 52-4-205 of the Utah Open and Public Meetings Act, and for attorney-client matters that are privileged pursuant to Utah Code Ann. § 78B-1-137, as amended

Initiated By:

Scheduled Time: 9:40

SUBJECT

RECOMMENDATION

Staff are not currently aware of a need for a closed meeting, but the agenda allows for that possibility.

BACKGROUND

CENTERVILLE CITY COUNCIL

**Staff Backup Report
6/3/2014**

Item No. 9.

Short Title: Possible action following closed meeting, including appointments to boards and committees

Initiated By:

Scheduled Time: 9:40

SUBJECT

RECOMMENDATION

Mayor Cutler may recommend appointments to City boards or committees.

BACKGROUND

CENTERVILLE CITY COUNCIL

**Staff Backup Report
6/3/2014**

Item No. 10.

Short Title: Continue discussion of FY 2015 Tentative Budget issues

Initiated By:

Scheduled Time: 9:40

SUBJECT

RECOMMENDATION

If the City Council would like to continue discussing issues relating to the FY 2015 Tentative Budget, do so after the other agenda business is addressed. The Council may also decide to schedule another budget work session for this purpose prior to the June 17 regular Council meeting, when the Final Budget will be adopted.

BACKGROUND

CENTERVILLE CITY COUNCIL

Staff Backup Report 6/3/2014

Item No.

Short Title: Items of Interest (i.e., newspaper articles, not items on agenda)

Initiated By:

Scheduled Time:

SUBJECT

RECOMMENDATION

BACKGROUND

ATTACHMENTS:

Description

- D Newspaper article re UTOPIA
- D Lane Beattie Opinion - Fiber
- D Newspaper article - Lindon wants input from residents about UTOPIA
- D Newspaper article - UTOPIA utility fees would equal service
- D Newspaper article - Centerville seeks funding, but no tax increase planned

Water shutoff a UTOPIA enforcement tool?

Wednesday , May 21, 2014 - 9:18 AM

TIM GURRISTER
Multimedia Reporter
Standard-Examiner staff

CENTERVILLE -- The city is abuzz with news that those who refuse a fiber-optic UTOPIA Internet hookup could have their water shut off.

Centerville and 10 other Utah cities are in the midst of considering a \$300 million investment offer from a global developer to finally "build out" the troubled light-speed Internet highway.

The scuttlebutt thrives with word that Mayor Paul Cutler threatened to shut off the water of anyone who refused to pay a prophecized \$18-20 monthly utility fee developer Macquarie Capital wants collected once the build-out is complete.

"People are so hilarious," said City Councilman John Higginson. "He did not say that. There is a group of residents ... who will look for any chance the mayor can be painted in a negative light, who will make up things, or hear what they want to hear."

The fallout came after a Thursday meeting officials held with the entire, full-time staff of city employees, some 40-plus on duty at the time.

"It's disappointing to me because for many years Centerville has been such a quiet community, but the last election (November) was very divisive," Higginson said, "with UTOPIA used as a divisive topic." He was not at last week's meeting, hearing about it afterward.

"I was at the meeting," City Councilwoman Stephanie Ivie said. "He (Cutler) did say that, non-payment of the UTOPIA fee would be shutting off the water. That is what I heard. It was a little disturbing to me, the first I heard this would be the enforcement method."

The mayor denies any such threat, just an acknowledgement that the way the city's utility fees are "bundled," citizens face water shutoff if they are short on their monthly utility bill.

"It wasn't the politically correct way to put, it I guess," Cutler said.

The city "bundles" its utility fees, meaning the garbage, storm drainage and water fees Centerville charges are lumped together in one billing, officials said in explaining what they said was a common billing practice.

The UTOPIA fee Macquarie would require, sometime in late 2016, would be added to the bundle, officials said.

A city ordinance requires the payments are applied in order to each utility, with water fees the last covered.

So, anyone delinquent in their utility fees do face having their water shut off, they explained.

"It's the easiest way to enforce payment of the utility bill," City Finance Director Blaine Lutz said. "You can't dig up their sewer line or interrupt their storm drainage service."

"You have to do something to get people to pay their bills," Cutler said. Delinquencies have at least a 90-day process before shutoff, he said, including a payment plan. "We try a number of things, and I have the authority to forgive water debts."

Lutz and Cutler said negotiation is still ahead with Macquarie. That would include an "opt out" clause for a fiber-optic fee for residents who don't want the Internet service, they said.

UTOPIA has been controversial for years. Begun in the late 1990s as a faster Internet alternative to commercial service, completion of the network has been stalled for various reasons while the 11 cities pay off their UTOPIA bonds with tax revenue instead of subscriber fees.

Under Macquarie's proposal, monthly billings would start in 30 months after Macquarie's \$300 million finishes the long-delayed build-out of UTOPIA.

Centerville is paying \$436,000 a year for its UTOPIA bonds. Larger cities pay more, such as Layton, with \$2 million a year in UTOPIA bond payments.

Contact reporter Tim Gurrister at 801-625-4238, tgurrister@standard.net. Follow him on Twitter at [@tgurrister](https://twitter.com/tgurrister)

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Hogback Mountain
LEADERSHIP CONFERENCE
BUSINESS

REGISTER TODAY

☆ Early Bird Special - ENDS MAY 31*

My view: Fiber: Lighting the future of Utah's economy

By Lane Beattie

For the Deseret News

Published: Sunday, May 18 2014 12:00 a.m. MDT

Updated: Wednesday, May 21 2014 5:11 p.m. MDT

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The Governor's Office of Economic Development (GORD) reports that the quality and capacity of high-speed data infrastructure (especially fiber) are gaining prominence when it comes to important business decisions, from location to investments.

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Summary

I applaud the recent attention regarding increased fiber infrastructure in the Beehive State. Google Fiber, foreign investment dollars interested in UTOPIA, and our existing high-speed network providers are all providing faster fiber-optic services.

I applaud the recent attention regarding increased fiber infrastructure in the Beehive State. With Google Fiber, Macquarie Capital's interest in UTOPIA, and our existing high-speed network providers all stepping up to provide faster, more reliable data infrastructure — we all stand to benefit.

We are seeing more and more interest in Utah from around the world. While our quality of life, transportation and education systems rank high among our many strengths, we need to remain competitive and connected. Remaining competitive requires continued investments in our fiber network.

A growing element of competition is our state's connectivity through our fiber optics network. The quality and capacity of a high-speed data infrastructure is becoming a more important incentive for businesses and employees to stay, locate and invest in Utah.

The Governor's Office of Economic Development (GORD) reports that the quality and capacity of high-speed data infrastructure (representing all forms of broadband) are gaining prominence when it comes to important business decisions, from location to investments. The Utah Department of Transportation (UDOT) reports it is looking more and more to fiber infrastructure to engineer "Smart Streets" to manage traffic flow and contribute to air quality efforts. In one

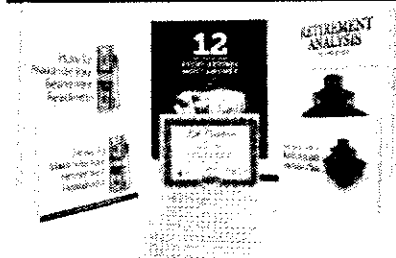
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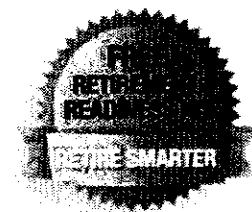
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recent five-year period, AT&T reported an increase in network data traffic of over 8,000 percent, with similar future growth expected.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Nowhere is this more apparent than along the I-15 corridor in Northern Utah and Southern Salt Lake Counties where a booming information and technology sector is calling Utah home. To keep companies relocating (and even expanding) from the Silicon Valley to the Silicon Slopes, Utah needs to continue to support and foster our high-speed connections to the world.

A farmer in Cache Valley, an oil producer in the Uinta Basin or a downtown financial services giant are all competing in a global market. The quality and speed of their connection to the world will determine our community's economic fate. These investments affect every sector of our economy and every community in our state.

Recent announcements over the past year have shown that not only are companies interested in relocating to Utah, but also investing in this vital infrastructure. This bodes well for Utah's future economy. Because of this, it is crucial that we facilitate any and all new investment initiatives in Utah's broadband infrastructure.

Utah enjoys a global reputation as a good place to do business due to our reasonable regulatory and tax climates, coupled with a highly educated and motivated work force, among other reasons. We are known nationally for our fiscal prudence and for being the best-managed state. It only makes sense that our digital infrastructure rises to keep pace with our stature in other areas. We need to elevate our fiber-game, welcome and encourage new partnerships, and continue to invest in the next wave of fiber technology.

As we look to new frontiers to strengthen our economy, our connectivity as well as new developments and investments in Utah's broadband infrastructure present vital tools for our economic prosperity. Businesses are

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demanding it. To stand still is to lose ground for Utah's global competitiveness.

Lane Beattie is President and CEO of the Salt Lake Chamber.

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samhill Salt Lake City, UT

I agree with everything in this article. I have one caveat that I didn't see mentioned.

As we continue to become evermore connected via the Internet, regardless of the bandwidth, we are becoming evermore vulnerable to evermore More..

8:12 a.m. May 18, 2014 * Top comment

Paul8777 Brigham City, UT

I also agree wholeheartedly with this article. It is extremely well stated, and I applaud Mr. Beattie. I also agree with samhill that vigilance is necessary, however I would point out that there are corollaries with other essential infrastructure. More..

10:37 a.m. May 23, 2014 * Top comment

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UTOPIA

Lindon wants input from residents about UTOPIA

14 HOURS AGO • LAURA GILES CORRESPONDENT

LINDON -- City leaders need to make a major decision, and they are asking for residents' input.

A survey concerning the possible UTOPIA/Macquarie public-private partnership is now available on the city's website, and hard copies are available at the Lindon Senior Center.

The purpose of the survey is to find out about residents' Internet usage, the amount they are willing to pay for Internet service, and overall city project priorities. More than 350 responses have been received so far, said Adam Cowie, Lindon's city administrator.

"The City Council will be the final authority on whether or not Lindon will proceed to the next phase of the potential Macquarie public-private partnership deal," Cowie said.

There have already been several public meetings concerning the issue. There will be two more, during regular Lindon City Council meetings at 7 p.m. Tuesday and June 17 at Lindon City Center, 100 N. State St.

In April, Macquarie Capital held a meeting with the Lindon, Orem and Payson city councils to provide information about the partnership. The cities are three of 11 UTOPIA cities in the state and the only ones in Utah County.

According to information on Lindon's website, Macquarie is proposing the financing of the construction of a fiber-optic network to every address in the 11 cities. Macquarie would assume the responsibility for construction and operation of the network for the next 30 years.

Those cities that join the partnership will have to impose an \$18-\$20 monthly utility increase on each household. That fee could be higher if some cities choose not to join. For that fee, residents will get basic-level Internet service. The basic service would be sufficient for email or surfing the web.

Cowie said the proposed partnership has both benefits and drawbacks for Lindon residents.

Some benefits would be build out of the fiber-optic network and basic-level Internet service for everyone, and the potential for up-selling of services, with a portion of the revenues returning to the city to help pay down past UTOPIA debts. Possible drawbacks are the increased utility fees that will pay for the service, increased financial obligation for the city and overdependence on Internet service providers to adequately market and increase the amount of subscribers.

Mayor Jeff Acerson has heard from residents who have opinions on both ends of the spectrum. Some, he said, believe the plan would help them with their business and personal lives. Others do not use the Internet at all.

"We need to find out what the majority of the citizens want," Acerson said. "Then we need to find out what a reasonable cost to citizens would be."

Acerson said city leaders need to also plan for the future and not just look at what is happening today.

"We need to take care of future needs," he said. "As elected officials, we try to do everything we can to make sure we represent the voice of the people."

For more information and to take the survey, visit www.lindoncity.org.

[print](#)

UTOPIA utility fees would mean automatic service

by JENNIFFER WARDELL

05.28.14 - 03:00 pm

CENTERVILLE - If Centerville does decide to make UTOPIA a utility fee like water or recycling, a lot of residents may end up with cheaper Internet service.

Though no decision has been made by either Centerville or other member cities, the utility fee plan proposed by Macquarie would provide all participating citizens with Internet service at no additional cost. That would mean residents' UTOPIA utility fees, which are expected to amount to between \$18 and \$20, would also serve as their entire bills for basic Internet service.

"If you pay the utility fee, you wouldn't have to pay another dime," said Centerville City Assistant Manager Blaine Lutz. "A service provider would have to come in and hook you up. You wouldn't have to pay anything else."

Average prices for basic Internet service through other providers range between \$35 and \$40. Service providers currently attached to the network said they would likely also offer unlimited phone service for an additional \$5 to \$7.

"We had several of them sitting by each other at the meeting," he said. "They know they need to stay competitive."

Lutz emphasizes, however, that the city is far from making a decision on whether to go with the utility fee model, which was proposed by the Australian business Macquarie as part of a proposed partnership deal with the UTOPIA network. That deal has only just finished the research phase and has not yet been officially agreed upon by all participating parties.

As such, few details have been ironed out.

"It's only milestone one," said Lutz. "We're still trying to get our arms around this. In milestone two, we can get some of these specifics down a little tighter."

If the city does eventually decide to go with the utility fee plan, however, it would be treated in the same way as the city's current utility fees. Centerville bundles its utility fees, and it's city policy that the money goes to pay water utility fees last. If a resident pays less than their total bill, it's their water account that goes unpaid. If it remains unpaid, that person's water service is cut off.

"It comes from what we've already established," said Lutz. "If a utility fee is implemented, you have to be able to do some kind of collection."

That policy is the source of some confusion over a comment made by Centerville Mayor Paul Cutler at a recent city meeting. If the city does decide to implement UTOPIA as a utility fee, it would be treated in the same way drainage fees currently are. If a resident doesn't pay their storm drain fees, their water would be

cut off because the lack would show up in that account. The same would be true for UTOPIA fees.

“We haven’t made any decisions yet, but we were trying to get people to understand the method we would be using,” said Lutz. “We could have spent 45 minutes on the legalese, but we were trying to boil it down to English.”

Though there has been talk of creating an opt-out option if the city decides to implement the fee, Lutz pointed out that many residents have to pay utility fees no matter how much they benefit.

“Does someone in a low-lying area get more benefit out of drainage than other people?” he asked. “Absolutely. Does everyone pay the same, no matter how much benefit they get? Yes.”

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No property tax increase, but Centerville seeks funding

by JENNIFFER WARDELL

05.28.14 - 01:00 pm

CENTERVILLE - Hoping to find funding elsewhere, city officials won't ask for a property tax increase this year.

The city's tentative budget for next year, which is expected to receive final approval in June, focuses on other potential sources that might help the city meet their general fund needs when next year's budget rolls around. If those don't pan out, however, the city may have to consider an increase next year.

"Centerville City has not raised its property tax rate through a Truth-in-Taxation process for more than 20 years," wrote Centerville City Manager Steve Thacker in the budget message. "The only increase in property taxes the city received over that period is attributable to new development."

Though that's not being considered this year, other options have their own price tags. One possibility is an increase in the gas tax used for transportation funding, though that would have to be implemented by either the state or county. Another possibility is converting the South Davis Metro Fire Agency into its own taxing district, which would allow it to implement taxes and remove some of the financial burden from Centerville. That decision, however, is also not in Centerville's hands.

A third option, and one that city officials would have some authority over, is the continuation of the city's RAP tax. The current tax, which expires in April 2016, has mostly been directed to the Davis Center for the Performing Arts. Thacker recommended that the council put the tax on the November 2015 ballot, with the new round going toward park improvements.

A fourth option, also in the city's control, would involve cutting into current non-critical services.

"That would have to be determined by the city council," said Thacker.

This year, however, the city has enough to cover the budget without any cuts or increases. Thacker refers to those expenses as the "base" budget in his summary, and includes essential needs for various city departments and long-term obligations such as water revenue bonds.

The city's UTOPIA debt obligation also remains an issue, with \$444,976 due in FY 2015. The city plans to use \$160,000 of freed up debt service fund, reimbursement from the RDA for Freedom Hills Park construction, and \$115,000 from the general fund to pay the debt.

Once those needs are met, the city expects to have \$290,120 for any additional expenditures. Those will likely include a small increase in the street maintenance

budget, a new police officer position for the Centerville PD, and a contingency fund of \$35,000 for unanticipated expenses.

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Our View: UTOPIA or no water?

Thursday , May 29, 2014 - 11:08 AM

Editorial Board

There's a controversy in Centerville that could migrate to other cities. Because of "bundling" the city's utility fees, residents who don't pay a planned \$18 to \$20 extra to their utility bill devoted only to UTOPIA's fiber-optic Internet could, in theory, have their water shut off.

Apparently, Centerville Mayor Paul Cutler, talking about the additional costs a rescue of UTOPIA by developer Macquarie Capital would entail, pointed out in a meeting that due to "bundling" of utility fees, any residents who don't pay the full bill would have the water services ended. In Centerville, water is listed as the final utility covered. Hence, if a person who wasn't a subscriber of UTOPIA — and was upset that he or she was forced to pay for the Macquarie bail out — failed to pay the full utility bill, the water would be the first service cut off. It bears noting that if the Macquarie proposal becomes a reality, the extra charges won't occur for more than two years.

We agree with Centerville Councilwoman Stephanie Ivie that cutting off water for nonpayment of an extra UTOPIA-related fee is disturbing. Unfortunately, such action can be a result of cities bundling utility fees. We're not fans of the bundling practice. Having utilities bundled can lead to precarious situations in which water can be turned off because residents not signed up to a failed Internet initiative are outraged they have to bail out the city with an extra \$18 or \$20 a month.

The perfect analogy of 11 Utah cities facing a big increase to their utility bills due to the planned UTOPIA bailout is pork heaped on a legislative bill. UTOPIA continues to be a failure that will cost the residents of the cities tangled within it for a long time.

The Salt Lake Tribune

Will Utah cities OK Australia company's takeover of UTOPIA?

Broadband • Municipal network's 11 member cities have four weeks to accept new terms.

BY TONY SEMERAD

THE SALT LAKE TRIBUNE

PUBLISHED: JUNE 2, 2014 02:10PM

UPDATED: JUNE 2, 2014 04:17PM

One way or another, June will be a historic month for Utah's biggest experiment with what is called "municipal broadband."

Eleven Wasatch Front cities involved in a project called UTOPIA have the next four weeks to opt in or out of an Australian investment company's plan to take over, finish and operate their struggling high-speed fiber-optic network for them, in exchange for a share of its profits.

Officials from Brigham City to Payson continue to comb through a detailed business study of the financially troubled grid compiled by Sydney-based Macquarie Capital Group as a June 27 deadline to sign on approaches. But they've also brought in another suitor, Utah-based broadband provider First Digital Telecom, to proffer its own proposal to finish and run the UTOPIA network.

Leaders in Midvale and West Valley City already have approved the Macquarie bid, authorizing it to do a full analysis of extending high-end data, video and voice capacity to all homes and businesses within their city limits. The global firm specializing in large public-works projects will bring back its detailed business, legal and technical analysis for final approval by year's end.

Lindon, Murray, Layton, Tremonton and Centerville have scheduled public meetings in the coming weeks to debate being part of Macquarie's vision. Other cities, including Murray, Lindon and Orem, are also polling residents to gauge sentiment on key elements of the plan, including its proposed \$18 to \$20 monthly utility fee on all households to help defray network construction costs.

Referred to as an "availability fee," the charge is drawing opposition to Macquarie's plan in some quarters.

The per-household fee would entitle residents to basic Internet service with speeds of 3 megabits per second, but all households would pay the charge whether they take the service or not.

"I love the idea of fiber and want every citizen to have it," Orem Mayor Richard Brunst said. "But I don't want to force it on them."

As debate over UTOPIA's future moves to various city halls, a Macquarie official said the company remains "very hopeful" that members cities will choose to participate.

"Our big push is to get all the cities and we feel we're making good progress," said Nick Hann, senior managing director with Macquarie.

While drawing as many of the 11 cities' estimated 160,000 combined households as possible "certainly gives the transaction scale and critical mass," Hann said, "we don't need all 11 to create a viable project."

Short for the Utah Telecommunications Open Infrastructure Agency, UTOPIA was envisioned 12 years ago as an economic-development tool, meant to connect businesses and homes in member cities with Internet access at speeds of one gigabit per second, up to 200 times faster than download and upload rates typically available from private vendors.

But UTOPIA has struggled over the years, due to a combination of mismanagement, heavy debt, opposition from private-sector telecommunications companies, construction problems that left the UTOPIA grid partly finished, and low sign-up rates from potential customers.

While UTOPIA's finances have improved recently, its member cities continue to subsidize the quasi-public agency's budget losses, as well as pay millions of dollars a year in city sales and business tax revenue to cover UTOPIA's massive debt obligations. That debt burden on taxpayers would persist even if the UTOPIA network was shut down or sold off in pieces.

Macquarie began pursuing the UTOPIA deal in 2013. Known primarily for transit projects, Macquarie Capital Group is a subsidiary of Macquarie Group Limited, an Australian investment and management firm with projects in 28 countries and a market capitalization of \$14 billion.



Steve Griffin | Tribune file photo A UTOPIA crew prepares to lay conduit to house fiber optic cables near 2000 N. Main St. in Centerville in this Aug. 22, 2011 photo. Centerville is among 11 UTOPIA member cities that must decide whether to approve the takeover of the municipal broadband network by Macquarie Capital, an Australian investment firm.

The company believes it can deliver a finished UTOPIA network on a set timetable and run it at a profit in a 30-year concession contract with member cities, which would keep ownership of the grid. Under its public-private partnership model, city governments no longer would manage the network directly, instead setting benchmarks on service that Macquarie would contract to meet.

Macquarie says its network would offer premium-service speeds of up to a gigabit, comparable to offers by rival companies such as CenturyLink and Google Fiber, which took over Provo's city network in 2013. Google Fiber now is looking at Salt Lake City as a second Utah market.

Under Macquarie's plan, UTOPIA would remain an open network, with access available on a wholesale basis to private Internet service providers, who could in turn offer retail services such as Web access or video on demand to customers over Macquarie-operated fiber.

Hann said its interest in the Utah project is part of a worldwide strategy of expanding investments in public infrastructure projects, especially in the telecommunications sector. If the UTOPIA plan works, it would be among the company's first investments in a fiber-optic network.

Macquarie is fielding calls from officials around the U.S. interested in similar public-private partnerships on broadband networks, Hann said. "If we can create a successful deal — and we believe we can — we'll be able to roll out that opportunity to others," he said.

For months, UTOPIA cities have dealt exclusively with Macquarie while it evaluates the UTOPIA project, under a written agreement that also limited public disclosure of the deal's contours while it was under negotiation.

But last week, officials from UTOPIA cities unexpectedly voted to allow First Digital Telecom to make a last-ditch bid to compete for a piece of the UTOPIA business Macquarie is seeking.

UTOPIA's two governing boards, composed of officials from member cities, convened a rare joint meeting last Wednesday, then went behind closed doors for more than three hours, to hear First Digital president Wesley McDougal and other executives give the company's pitch.

Details of the First Digital proposal are being kept secret, under a confidentiality agreement between UTOPIA and the company. UTOPIA officials voted Wednesday to consider First Digital's proposal alongside the Macquarie plan, but then voted minutes later to bar any other companies from submitting plans.

Reached at his Salt Lake City office on Friday, McDougal declined to comment on the company's proposal.

For Macquarie's part, Hann said some of the UTOPIA cities had asked "a week or two ago" for a waiver on the exclusivity clause so they could consider outside proposals, and the company agreed.

"We have a good proposal on the table," he said.

—

What is UTOPIA?

Short for the Utah Telecommunications Open Infrastructure Agency, UTOPIA was conceived in 2002 to give businesses and homes in 11 member cities access to Internet speeds of one gigabit per second, up to 200 times faster than what's available from private vendors. The network still isn't finished and has struggled with debt, mismanagement and low sign-up rates from customers.

—

Cities to meet on Macquarie deal

Lindon • Tuesday, June 3, 7 p.m., Lindon City Center, 100 N. State St. in Lindon.

Murray • Thursday, June 5, 6:30 p.m., Doty Education Center, 5121 Cottonwood St. in Murray.

Centerville • Thursday, June 5, open house and Q&A, time and location not specified. Tuesday, June 17, public hearing, 250 N. Main St. in Centerville.

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