City of Bloomington: Bloomington Digital Underground Advisory Committee

Date of Record: May 19, 2005

Prepared By: Matt Nagle, ITS/SPEA Intern
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Summary

Bloomington Underground Advisory Committee (hereafter "Committee") meeting held Thursday May 19, 2005 at 4:00 p.m. in the McCloskey Room of City Hall at Showers, 401 N. Morton St., Bloomington, IN.

Roll Call

Committee Members Present
        Bruce Myers, Kiva
        Eric Ost, TCC
        Charlie Webb, CallNet

Committee Members Absent
        Linda Williamson, Bloomington Economic Development Corporation
        Brian Kleber, Small Business Development
        Mark McMath, Bloomington, Bloomington Hospital

Vacancy
        IU Appointee

City of Bloomington Staff Present
        Rick Dietz, Director, Bloomington ITS
        Rick Routon, Assistant Director. Bloomington ITS
        Ron Walker, Economic Development Directory. Bloomington OOTM

Guests Present
        Bret Skilbred, InfoComm Systems
        Jim Goldman, InfoComm Systems
        Andy Ruff, Bloomington City Council

Handouts

1.   May 19, 2005 Meeting Agenda
2.   May 5, 2005 Minutes
3.   InfoComm Presentation Outline
4.   InfoComm Final Deliverable – BDU Strategic Plan

Minutes

Meeting called to order at 4:00 p.m.

I.   Review of May 5 Minutes
      a. The Committee postponed a review until the June 2005 meeting because of lack of quorum.

II.   ITS-Related Information
      a. Rick Dietz stated that ITS had updated the BDU and BDUAC webpages on the City of Bloomington website with additional BDU information, including a BDU coverage maps, general/historical information, meeting minutes, and a list of the Committee members.
      b. Rick Dietz stated that Rick Routon met with David Ernst about connecting HoosierNet to the Telecomm Hotel (discussed in May 5 meeting).
          i. Rick Dietz stated that the meeting revealed no barriers to moving forward.
         ii. Rick Dietz stated that he documented the findings and forwarded them to the Legal Department for review regarding contractual obligations and BDU policies.
      c. Rick Dietz stated that a newly passed City appropriations ordinance provided funding for BDU conduit along the IEC roadway and for ITS to purchase small amounts of conduit.

III.   InfoComm Presentation of BDU Strategic Plan
      a. Bret Skilbred stated that the major addition to the Strategic Plan was the migration plan that recommends a course of action in the future.
      b. Bret Skilbred stated that InfoComm would, at the BDU Committee's discretion, present their recommendations to the City Council (with input on the material from the BDU Committee).
      c. Bret Skilbred stated that the Committee should read the recommendations and either approve or deny them before moving forward.
      d. Bret Skilbred listed several policy recommendations.
          i. Bret Skilbred stated that the BDU Committee should articulate a vision for the project. This might include the goals of the BDU founders.
         ii. Bret Skilbred stated that the BDU Committee should articulate the mission statement, either by approving the statement provided by InfoComm, or by creating a new one.
        iii. Bret Skilbred stated that, within the governance strategy, the BDU Committee would need to modify the proposed job descriptions if they chose not to merge with the Telecommunications Council.
        iv. Bret Skilbred stated that visibility would be a key component of the BDU strategy and that the BDU Committee should act as a facilitator between providers and users.
      e. Bret Skilbred reviewed the pricing strategy for BDU fiber.
          i. Bret Skilbred stated that he used an iterative pricing simulation based on inter-ducts and fiber leased or sold.
            1. Bret Skilbred stated that he used an asset life of 20 years to determine the total price for a fiber strand at which costs are covered.
            2. Bret Skilbred stated that he included a "public benefit rating" to adjust for intangible benefits incurred.
            3. Bret Skilbred stated that the results of this iterated simulation produced a total "recovery" price (over the life of the project – 20 years) for a fiber strand between $4,000 and $8,500.
            4. Bret Skilbred stated that, compared to existing prices for T1 bandwidth service (~ $250/month), projected prices for two-strand fiber bundles ($979 per strand per year) would undercut T1 prices.
               a. Eric Ost stated that customers were not limited in buying fiber bundles as they are in buying bandwidth.
               b. Charlie Webb stated that fiber was limited to the amount contained within the inter-ducts (96 fiber strands).
         ii. Rick Dietz asked if this simulation software was available to the Committee to plug in other values for the variables.

             1. Bret Skilbred stated that a portion of the simulation was available on the deliverable compact disc.

       iii. Charlie Webb asked if these simulations assumed that the City of Bloomington was responsible for setting prices.

             1. Bret Skilbred responded that the model does assume that the City sets wholesale-type prices.

             2. Bret Skilbred stated that the total price was converted to a yearly payment by finding the equivalent price per year that equals the present value of future payments (i.e. the total price).

       iv. Andy Ruff asked if InfoComm recommends a 20 year lease, given the 20-year lifespan of the fiber.

             1. Jim Goldman responded that 20-years is the norm.

             2. Bret Skilbred stated that the Committee could provide shorter leases by dividing the 20-year lease into appropriate short-term leases and charge a premium for the short-term service.

       v. Rick Dietz asked about the choice of the 20-year lifespan.

             1. Jim Goldman stated that the 20-year figure was an industry-standard.

             2. Bret Skilbred stated that, additionally, after 20 years, conduit & fiber must typically be upgraded for natural deterioration.

f. Bret Skilbred reviewed recommendations for partnership agreements.

       i. Bret Skilbred stated that the Committee should work to protect the city's interest with eligibility requirements for providers and users.

       ii. Bret Skilbred stated that contracts should be based on a three-tier system.

             1. Bret Skilbred stated that the Level 1 partner (any entity profiting from access to BDU) would be charged the highest prices.

             2. Rick Dietz asked if partner discounts would compound the "public benefit" component.

                a. Bret Skilbred stated that the public benefit component would be set by the BDU and would be used regardless of a partner discount.

             3. Bruce Myers asked if innerducts were up for lease.

                a. Bret Skilbred said that service providers would have the option of leasing an inter-duct and supplying their own fiber.

                b. Jim Goldman stated that the lease term for an innerduct would be 20 years.

       iii. Bret Skilbred stated that the BDU Committee should protect the end-user by including contract provisions that limit profit margins of providers to acceptable levels.

g. Bret Skilbred stated that the HoosierNet proposal aligns with BDU policies and should move forward.

       i. Bret Skilbred stated that HoosierNet could proceed immediately by being classified as a non-profit (Level II) partner.

       ii. Bret Skilbred stated that if HoosierNet wishes to lease from a wholesale provider, it could do so only after the ION contract expires in February 2006.

       iii. Rick Dietz stated that HoosierNet would be leasing the entire fiber ring not simply a segment.

h. Bret Skilbred stated that the master plan should include specifications for installation, noting that providers see intersections as a problem for such development.

       i. Rick Dietz stated that the Committee might want to identify certain intersections for fiber installation while excluding others.

       ii. Bret Skilbred stated that the BDU Committee should have the master plan officially recognized and sent to state and federal authorities for highway construction projects.

       iii. Bret Skilbred stated that the Committee should work with economic development commissions to market connectivity.

i. Bret Skilbred recommended creating a Level 3 partnership with the Monroe county government. Bret Skilbred added that, because of the county's limited infrastructure, the city should not create an asset-sharing agreement now.

    j.   Bret Skilbred recommended amending the rights-of-way ordinance to allow the city to install fiber networks anytime road construction occurs.
- i.   Rick Dietz asked if those entities that have to notify the city of road construction would be limited to telecommunications companies.
- ii.   Bret Skilbred replied that the ordinance would apply to any entity. Bret Skilbred elaborated that this adjustment would be a "blanket" approach to rights-of-way also linked to the master plan.

    k.   Bret Skilbred recommended providing fiber connectivity in the technology park for tech park tenants. Bret Skilbred added that the owner of the technology park would lease fiber to providers and that a Telecomm Hotel would be vital to attracting vendors.
- i.   Bruce Myers asked what would happen with incumbent providers who own fiber within a park.
- ii.   Jim Goldman stated that a similar situation occurred with the Purdue Technology Park and Verizon Wireless. Jim Goldman stated that Purdue collaborated with Verizon in phases two and three of development so that Verizon would maintain their existing fiber and share new fiber.
- iii.   Jim Goldman stated that the BDU Committee does not want to be perceived as operating against incumbent interests. Jim Goldman stated that the Committee should offer the same partnership opportunities to large incumbents as well as new providers.
- iv.   Eric Ost stated that the Committee should operate the technology park as a neutral operator who creates lower costs for all consumers.

    l.   Bret Skilbred stated that the BDU fiber network could be used to connect CATS facilities and Insight facilities to provide origination abilities. Bret Skilbred stated that these origination abilities would provide video feeds from the Courthouse.
- i.   Jim Goldman stated that providing these origination abilities would potentially create public relations benefits for the BDU project.
- ii.   Rick Dietz stated that a project for CATS facilities could logically follow a HoosierNet implementation. Rick Dietz added that a direct fiber connection to the Council Chambers could be such a project.

IV.   Concluding Remarks
- a.   The BDU Committee thanked Bret Skilbred and InfoComm for their work.
- b.   Rick Dietz said he would distribute the May 19 deliverables to BDU Committee members not present.
- c.   Rick Dietz stated that the BDU Committee would present final results to the Common Council, possibly with the help of InfoComm, after the Committee had a chance to review and discuss the Plan.
- d.   Bret Skilbred stated that many interviewees stated that they would like to see the final results of the project.
  - i.   Rick Dietz stated that ITS would post the results to the City of Bloomington website.

Meeting adjourned at 5:15 pm.

Minutes submitted by Matt Nagle