

**City of  
Bloomington  
Indiana**

City Hall  
401 N. Morton St.  
Post Office Box 100  
Bloomington, Indiana 47402



**Office of the Common Council**  
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**To: Council Members**  
**From: Council Office**  
**Re: Weekly Packet**  
**Date: January 10, 2003**

## **Packet Related Material**

### **Memo Agenda Calendar**

#### **Legislation for Discussion/Final Action:**

**Res 03-01** To Designate an Economic Revitalization Area - Re: 315 West Kirkwood and 314 West Fourth Street (CFC, Inc., Petitioner)

*(Please see the December 30<sup>th</sup> Packet for Legislation, Materials, and Summary)*

Contact: Nathan Hadley at 349-3406 or [hadleyn@city.bloomington.in.us](mailto:hadleyn@city.bloomington.in.us)

**Ord 03-01** To Designate An Economic Development Target Area - Re: 315 West Kirkwood & 314 West Fourth Street (CFC, Inc., Petitioner)

*(Please see the December 30<sup>th</sup> Packet for Legislation, Materials, and Summary)*

Contact: Nathan Hadley at 349-3406 or [hadleyn@city.bloomington.in.us](mailto:hadleyn@city.bloomington.in.us)

#### **Legislation and Background Material for First Reading:**

**App Ord 03-01** To Specially Appropriate from the Telecommunications Non-Reverting Fund (Infrastructure) Expenditures Not Otherwise Appropriated (Appropriating Funds to Connect Fiber Optic Cable with and Lease Space in the Telecom Hotel)

- Memo from Greg Volan, Chief Information Officer; Memo from Susan Clark, Budget and Research Manager; Telecom Fund Balance Sheet

Contact: Greg Volan at 349-3485 or [volang@city.bloomington.in.us](mailto:volang@city.bloomington.in.us)

#### **Minutes from Regular Session:**

*None*

#### **Notices and Agendas:**

**Agenda** for the Plan Commission Meeting on Monday, January 13, 2003 at 5:30 p.m. in the Council Chambers

**Notice** of Sidewalk Committee Meeting on Tuesday, January 14, 2003 at noon in the McCloskey Room

**Notice** of Demolition Review Advisory Committee Meeting on Wednesday, January 15, 2003 at 4:00 p.m. in the Council Chambers

## Memo

### **Reminders of Committee Meetings**

Sidewalk Committee - Tuesday at Noon in the McCloskey Room  
Demolition Review Advisory Committee - Wednesday at 4:00 p.m. in the Council Chambers

### **Regular Session on Wednesday, January 15<sup>th</sup>**

There are two items ready for final action and one item ready for first reading at next Wednesday's Regular Session. Please note that the Reports from the Mayor will include the annual award from the Human Rights Commission and an announcement regarding National Women and Girls in Sports Day events coming in February. The rest of the memo includes a synopsis of the legislation, followed by a summary of the one item being introduced for first reading.

January 15<sup>th</sup> Regular Session - Final Actions (please see the December 30<sup>th</sup> packet for further information and material)

**Res 03-01** Designating an Economic Revitalization Area (ERA), Approving a Statement of Benefits, and Authorizing a 10-Year Tax Abatement for a Residential Project Located in the 300 Block of West Kirkwood Avenue (CFC, Petitioner)

**Ord 03-01** Designating the Foregoing Site as an Economic Development Target Area (EDTA)

January 15<sup>th</sup> Regular Session - First Readings (please see below and other parts of this packet for the summary, legislation, and background material)

**App Ord 03-01** Appropriating \$48,600 from the Infrastructure Portion of the Telecommunications Fund for Connecting Fiber Optic Cable with and Leasing Space in the "Telecom Hotel" at 7<sup>th</sup> and Walnut Street

**First Readings**  
**App Ord 03-01 - \$48,600 from TCC Fund to**  
**Connect with and Lease Space in Telecom Hotel**

**App Ord 03-01** appropriates \$48,600 from the infrastructure portion of the Telecommunications Fund in order to connect the City's fiber optic cable with and lease space in a telecom hotel at 7<sup>th</sup> and Walnut Street.

**Infrastructure Portion of the Telecommunications Fund and the Bloomington Digital Underground (BDU)**

City created the Telecommunications Fund in 1996 (Ord 96-31) with revenues set aside from the cable franchise agreement. It dedicated sixty percent of those revenues for telecommunications services (including money given to CATS for covering our meetings) and 40% for telecommunications infrastructure. The latter revenue stream was to be used to develop and install fiber optic conduit and cable in loops or rings around the City and within its right-of-ways. This initiative has become known as the Bloomington Digital Underground (BDU) and offers the following benefits for the community. It:

- Serves the city government's need for fiber links between facilities;
- Promotes this sector of the local economy by lowering the barriers to competition between telecommunications carriers; and
- Protects the City's rights-of-ways from excessive road cuts.

The City just finished installing fiber optic cable in one loop that meets much of the first objective. The loop connects the Showers City Hall (Morton), Police Station and Headquarters Fire Station (3<sup>rd</sup>/4<sup>th</sup> and Lincoln), and the Utilities Services Center. It also connects with three schools and the MCCSC Administration Building, goes by the hospital, and crosses paths with conduit the City has laid in conjunction with street improvements at Patterson Drive and 5<sup>th</sup> Street. Late last year the Council appropriated \$75,000 to purchase the equipment to "light up" nodes at the four city facilities as well at a fifth future location (see App Ord 02-10).

The City has paid about \$1.3 million so far for the Bloomington Digital Underground and most of the money has come from this fund. The balance in the fund is now \$87,025 (*see memo and bottom right column of spread sheet provided by Susan Clark, Budget and Research Manager*) and should increase by another \$200,000 this year (*see the end of the memo by Greg Volan, CIO*).

## Promoting BDU as an Economic Development Tool

The appropriation last November also included \$10,000 to further the second objective of the BDU, which is to promote its use as an economic development tool. That money was used to retain the services of a consultant to help the City promote access to the BDU by the private sector.

Greg Volan is using those funds to continue work he began last year with InfoComm Systems. They had recommended that the City start developing policies and procedures for managing governmental use of the fiber and then expanding those policies and procedures to include use by the private sector. The ITS department has begun that work. They also said that a successful fiber system must provide 'high bandwidth network (voice and data) services that are readily available, reasonably priced, and highly reliable.'

In general, the consultant recommended the following strategy for promoting the economic benefits of the BDU:

- facilitate competition among providers of a wide-range of network-related services;
- encourage easily available connections from one network to another and better collaboration between service providers by 'peering' at places like telecom hotels;
- reduce business costs by providing fiber cable near places of business; and
- install good architecture and develop effective management contracts.

This advice has led the Administration to focus on the viability of the telecom hotel at 7<sup>th</sup> and Walnut. That facility can bring the big providers and users together at lower costs for all and Greg Volan is now recommending that we support this new facility.

## Connecting to and Leasing Space in Telecom Hotel

This appropriation allocates \$18,600 for leasing space in the telecom hotel for a year and another \$30,000 to bring the fiber optic cable into the building and 'splicing' the strands into the equipment.

### **Leasing Space**

The telecom hotel is located behind Scotty's Brewhouse in the 7<sup>th</sup> and Walnut Street garage. The City encouraged Wininger/Stolberg to include space suitable for this kind of facility when it negotiated the construction of the garage earlier in this term and it remains the most imminent site for one. MetroXmit took out a 20-year lease on space there for a telecom hotel a few years ago to house equipment for fiber loop that

connects Indianapolis, Bloomington, and Columbus. They are now in bankruptcy, but one of their principal financial backers, GE Capital, is forming a company called Indiana Fiber Works (IFW) to review existing obligations and revive the enterprise.

The new entity, IFW, does not need anywhere near the 6,000 s.f. initially leased by its predecessor and has an offer to relocate to a smaller and more exclusive site built by the owners of Smithville Telephone Company. They are, however, willing to stay in half of the current space, if the City would help cover the cost of rent. The City needs space for its equipment and has negotiated a rental amount that will decrease as other companies rent space in the facility.

Under this arrangement the city will:

- use 5 racks of space in the facility (with a value of about \$2,500/month);
- pay \$422.67 for 2 years (with an annual increase of 2%) and receive a reduction of \$1 for every \$2 of gross income received by IFW; and
- pay \$1,268/month rent for 5 years (with an annual increase of 2%) and receive a reduction of \$1 for every \$3 of additional gross income received over \$1,268/month (which also increases by 2% annually).

In his memo, Greg Volan argues that this lease is good for the city because it will:

- encourage private entities to connect with the BDU by offering easy access to a large base of customers;
- ensure that a well-qualified entity manages the telecom hotel;
- meet our immediate need for rack space; and
- offer the prospect of a decreasing financial obligation for the City as more providers join the hotel.

### **Connecting with Telecom Hotel**

The fiber goes right by the 7<sup>th</sup> and Walnut Street garage and City will need to bring all 96 strands into the Telecom Hotel on one side and back out to the other side. The estimate to reroute the fiber and connect to the equipment at the telecom hotel is \$30,000.

**NOTICE AND AGENDA  
BLOOMINGTON COMMON COUNCIL REGULAR SESSION  
7:30 P.M., WEDNESDAY, JANUARY 15, 2003  
COUNCIL CHAMBERS  
SHOWERS BUILDING, 401 N. MORTON**

**I. ROLL CALL**

**II. AGENDA SUMMATION**

**III. APPROVAL OF MINUTES FOR:     None**

**IV. REPORTS FROM:**

- 1. Councilmembers**
- 2. The Mayor and City Offices**
- 3. Council Committees**
- 4. Public**

**V. APPOINTMENTS TO BOARDS AND COMMISSIONS**

**VI. LEGISLATION FOR SECOND READING AND RESOLUTIONS**

1. Resolution 03-01 To Designate an Economic Revitalization Area – Re: 315 West Kirkwood and 314 West Fourth Street (CFC, Inc., Petitioner)

Committee Recommendation:       Do Pass       8 - 0

2. Ordinance 03-01 To Designate an Economic Development Target Area – Re: 315 West Kirkwood & 314 West Fourth Street (CFC, Inc., Petitioner)

Committee Recommendation:       Do Pass       8 - 0

**VII. LEGISLATION FOR FIRST READING**

1. Appropriation Ordinance 03-01 To Specially Appropriate from the Telecommunications Non-reverting Fund (Infrastructure) Expenditures Not Otherwise Appropriated (Appropriating Funds to Connect Fiber Optic Cable with and Lease Space in the Telecom Hotel)

**VIII. PRIVILEGE OF THE FLOOR** (This section of the agenda will be limited to 25 minutes maximum, with each speaker limited to 5 minutes)

**IX. ADJOURNMENT**

**City of  
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**To: Council Members**  
**From: Council Office**  
**Re: Calendar for the Week of  
January 13, 2003 – January 19, 2003**  
**Date: January 10, 2003**

Monday, January 13, 2003

4:00 pm Commission on the Status of Black Males, McCloskey  
4:30 pm Plat – Planning Department, Hooker  
5:00 pm Utility Service Board, Utility Service Center  
5:30 pm Plan Commission, Council Chambers

Tuesday, January 14, 2003

12:00 pm Common Council – Sidewalk Committee, McCloskey  
12:00 pm Housing Network, IU Research  
5:30 pm Bloomington Area Arts Council, Kelly  
5:30 pm Board of Public Works, Chambers  
5:30 pm Community Development Block Grant – Physical Improvements, McCloskey

Wednesday, January 15, 2003

4:00 pm Common Council – Demolition Review Advisory Committee, Council Chambers  
7:00 pm Council of Neighborhood Associations, McCloskey  
7:30 pm Common Council – Regular Session, Council Chambers

Thursday, January 16, 2003

7:30 am Domestic Violence Task Force, Hooker  
8:00 am Housing Authority Board of Commissioners, Housing Authority Office  
9:00 am Step Ahead Board, Stonebelt Center  
2:00 pm Child Care Development Fund Oversight Committee, McCloskey  
3:00 pm Bloomington Municipal Facilities Corporation, Hooker  
4:00 pm Redevelopment Commission, Hooker  
5:45 pm Martin Luther King, Jr. Birthday Commission, McCloskey  
7:30 pm Community and Family Resources Commission, McCloskey

Friday, January 17, 2003

1:00 pm Metropolitan Planning Organizations – Technical Advisory Committee, McCloskey

APPROPRIATION ORDINANCE 03-01

TO SPECIALLY APPROPRIATE FROM THE TELECOMMUNICATIONS NON-REVERTING FUND (INFRASTRUCTURE) EXPENDITURES NOT OTHERWISE APPROPRIATED

(Appropriating Funds to Connect Fiber Optic Cable with and Lease Space in the Telecom Hotel)

- WHEREAS, the Common Council established the Telecommunications Non-Reverting Fund (Fund) by Ordinance 96-31, and
- WHEREAS, Ordinance 96-31 provides that the Fund shall derive its revenues from cable franchise fees, and
- WHEREAS, Ordinance 96-31 dedicated forty percent (40%) of the cable franchise fees for the planning, design, development, and construction of the City's telecommunications infrastructure, and
- WHEREAS, the City desires to enter into a lease agreement with Indiana Fiber Works to rent space in the telecom hotel at 7<sup>th</sup> & Walnut Streets; and
- WHEREAS, the City believes that entering into this lease agreement will help ensure the continued existence of the telecom hotel and enhance the City's investment in the planning, design, development, and construction of the City's telecommunications infrastructure; and
- WHEREAS, the City desires to hire a qualified contractor to splice fiber strands from the City's fiber optic cable and to terminate them inside the telecom hotel so that the City's fiber can be used at the telecom hotel; and
- WHEREAS, the appropriated funds will be used to cover the City's obligations under the lease agreement for the year 2003 and to pay for the contractor;

NOW, THEREFORE, BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION I. For the expenses of said municipal corporation, the following additional sums of money are hereby appropriated and ordered set apart from the funds herein named and for the purposes herein specified, subject to the laws governing the same:

AMOUNT REQUESTED

Telecommunications Non-Reverting Fund (Infrastructure)

Line 53750 – Other Rentals	\$18,600
Line 54310 – Improvements other than Building	<u>\$30,000</u>
Total	\$48,600

SECTION II. This ordinance shall be in full force and effect from and after its passage by the Common Council of the City of Bloomington and approval by the Mayor.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

\_\_\_\_\_  
CHRIS GAAL, President  
Bloomington Common Council



ATTEST:

\_\_\_\_\_  
REGINA MOORE, Clerk  
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

\_\_\_\_\_  
REGINA MOORE, Clerk  
City of Bloomington

SIGNED and APPROVED by me upon this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

\_\_\_\_\_  
JOHN FERNANDEZ, Mayor  
City of Bloomington

#### SYNOPSIS

This ordinance appropriates \$48,600 from the Telecommunications Non-Reverting Fund (Infrastructure) to connect the City's fiber optic cable with and lease space in a telecom hotel at 7<sup>th</sup> and Walnut Street

## MEMORANDUM

To: Members of the Common Council

From: Gregory Volan, Chief Information Officer

Date: January 6, 2003

Re: Appropriation Ordinance 03-01

The proposed ordinance appropriates funds from the Telecommunications Non-Reverting Fund for two purposes: (1) to allow the City of Bloomington to enter into a lease agreement with Indiana Fiber Works to lease rack space in the telecom hotel located at 7<sup>th</sup> & Walnut Streets; and (2) to pay a contractor to splice fiber strands from the City's 96-strand fiber cable and terminate them inside the telecom hotel.

The first part of the appropriation is important because the City's leasing of space in the telecom hotel will ensure that the facility continues to exist as a telecom hotel. Without the City's lease agreement, there is a strong chance that the telecom hotel would be converted into retail or commercial space. Having an active and operating telecom hotel in Bloomington is a priority for the City because it adds value to the investment we have already made in the Bloomington Digital Underground.

The second part of the appropriation is important because neither the City nor any other entity can use the City's fiber at the telecom hotel until some or all of the fiber strands are terminated inside the telecom hotel. The appropriation will allow the City to hire an appropriate contractor to accomplish this splicing and termination work. The administration respectfully asks for this Council's support on this appropriation ordinance.

### I. Background

The telecom hotel is located in the building on the northeast corner of 7<sup>th</sup> & Walnut Streets, behind Scotty's Brewhouse. Currently, it is a large (almost 6,000 square feet on two levels), practically empty space, but designed to be a good environment for locating large amounts of computer and telecommunications equipment. Several years ago, MetroXmit, LLC signed a 20-year lease on the entire space.

MetroXmit is currently in bankruptcy. Subsequently, GE Capital has provided substantial financing to MetroXmit and is effectively in control of the company. GE Capital is currently reorganizing the company under the name Indiana Fiber Works ("IFW"). The bankruptcy gives IFW the option to accept or reject MetroXmit's former contracts, and IFW will almost certainly reject the long-term lease on the telecom hotel.

However, IFW continues to have an interest to lease a portion of the telecom hotel. IFW has a fiber optic ring that connects Bloomington with Indianapolis and Columbus, and IFW needs a place to house its equipment for the Bloomington node of that ring. Currently, the equipment resides in the telecom hotel (and it is the only telecommunications equipment in that

location). If IFW cancels its lease on the telecom hotel, it would have to move its equipment to another location in Bloomington.

One option available to IFW is to lease only the first floor of the telecom hotel. (The building owner would convert the top floor into retail space that Scotty's Brewhouse would use for expansion.) Renting only the first floor would reduce the space in the telecom hotel to 3,026 square feet, and the rent to \$3,804 per month. Even this amount far exceeds the financial commitment that IFW is willing to make.

However, IFW is willing to lease the first floor of the facility and operate it as a telecom hotel only if the City agrees to sign a lease agreement with IFW to offset a substantial portion of IFW's financial commitment. IFW is willing to pay one-third of the rent, or \$1,268 per month, and it would need the City to sign a lease agreement to cover another third, or \$1,268 per month. For the remaining third of the rent, IFW believes that it can quickly find additional paying tenants for the telecom hotel that would offset this amount, but until that happens, it would need the City to cover a portion of this amount too.

Thus, IFW has proposed that the City enter into a lease agreement with the following terms:

The City pays a base fee of \$1,268 per month for a period of five years. This base fee is increased by two percent annually.

The City pays an additional fee of \$422.67 per month for a period of two years. This additional fee is increased by two percent annually.

As IFW leases space in the telecom hotel to other tenants, the City's additional fee of \$422.67\* per month will be reduced by one dollar for every two dollars of gross income received. Thus, once IFW is receiving \$845.34\* per month in income from other tenants, the City's obligation to pay the additional fee will be eliminated.

Once IFW is generating \$1,268\* in monthly gross income, the City's rent will be reduced by one dollar for every three dollars of additional gross income received. Thus, once IFW is receiving \$5,072\* per month in income from other tenants, the City's entire obligation to pay rent will be eliminated.

The City receives the use of five rack spaces in the telecom hotel. (Please note that IFW has stated that it plans on charging customers \$500 per month for each rack space leased.)

IFW will remain in the telecom hotel only if the City enters into the lease agreement. If the City does not, IFW will pull its equipment out of the telecom hotel and move to a lot owned by Southern Hills Investments<sup>1</sup> on Morton Street, just south of Eleventh Street. Southern Hills has indicated that it can build a telecom facility on its property and lease space in that facility to IFW for no more than \$1,268 per month, the amount that IFW is willing to pay. The building on Southern Hill's property would be small and non-descript, and built to telecom specifications. It would be designed only to accommodate Southern Hills's and IFW's immediate needs. The facility would not contain extra space that could be leased out to third parties. Meanwhile, the

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\* This amount is increased by two percent annually.

<sup>1</sup> Southern Hills Investments LLC is owned by the Earles Family LLC, which also owns Smithville Telephone Company.

entire telecom hotel would be converted into commercial or retail space. In short, if the City does not enter into the lease agreement with IFW, there is a strong likelihood that the city will lose the current telecom hotel.

## II. Why the City Should Invest in the Telecom Hotel

If funding is approved by this Common Council, the lease agreement will commit the City to pay almost \$90,000 over a period of five years. This financial commitment is an investment the City is making to ensure that Bloomington continues to have a telecom hotel. This investment is a smart one for the City to make for the following reasons:

The telecom hotel significantly enhances the value of the Bloomington Digital Underground.

The City has invested approximately \$1.2 million to build a ring of fiber optic conduit and cable that connects together four main City buildings: City Hall, Police Headquarters, Fire Station #1, and the Utilities Service Center. The City intended that the fiber would be used for the City's own data network, and this Council recently appropriated funds to purchase the equipment that the City needs to the light the BDU fiber. (That equipment has been purchased and is scheduled for installation in February.)

The City always intended that private entities would also use this fiber infrastructure. The City deliberately overbuilt this asset, putting in more conduits and more fiber than it needed for its own use. By making this fiber available to private entities, the City hopes (a) to protect its investment in its rights of way, and (b) to reduce the costs of entry to the Bloomington market for competitive telecommunications providers. Ultimately, the City hopes that the BDU assets will help economic development for the City of Bloomington.

Private entities, however, need a reason to use our fiber infrastructure. The fiber ring is extremely valuable to the City because we have four buildings located on the ring, and we can use the fiber to establish a data network connecting those four buildings together. The fiber ring is valuable to MCCSC for the same reason: it has four buildings – three schools and the administration building – located on the fiber ring, and it uses the fiber for its data network. The BDU, however, was specifically designed for the City and MCCSC, and it is unlikely that other entities will happen to have two or more buildings located on the fiber ring that they need to connect together. Rather, other entities will be interested in using our fiber if there is something valuable on the fiber ring that they want to connect to.

The telecom hotel could be just that: something valuable that entities would want to connect to. A telecom hotel is a facility where both providers of telecommunications service (e.g., long-distance companies, tier-1 Internet service providers) and large consumers of telecommunications service (e.g., Bloomington Hospital, Kiva) can locate equipment that is connected to their respective networks. Having service providers and customers located in the same facility significantly reduces the costs of telecommunications service for both the providers and the customers. In the typical scenario, customers are not located in the same building as their service providers. Before they can receive service, the service provider must establish a physical connection to the customer, which usually means leasing a circuit from the local telephone company. For a service such as high-speed Internet bandwidth, the cost of the circuit

can be hefty. If the service provider and customer are located in the same facility, however, the middleman is eliminated, and the service provider can connect to the customer at a negligible cost. Further, if several competing providers are located at a telecom hotel, customers can negotiate better deals because they can easily change their service to a competing provider that offers a better price or better service.

An active and thriving telecom hotel would be good for the city of Bloomington, not only because it would allow companies to do business at lower transaction costs, but also because it would make the City's fiber more valuable. If companies wanted to connect to the telecom hotel, many of them would want to use the City's fiber to get there. For this reason, the telecom hotel significantly enhances the value of the City's fiber optic infrastructure.

The City's investment will ensure that a qualified entity – IFW – provides management services for the telecom hotel.

Although the City has a strong interest that Bloomington have a telecom hotel, it does not have the skills or resources to manage such a facility. One significant benefit that the City will receive for its investment in the telecom hotel is that IFW will manage it. IFW will incur the capital costs of building co-location cages, installing equipment racks and cabinets, and running power to them. IFW has a staff that can handle the administrative and billing services for new and existing tenants in the telecom hotel. Further, IFW will have a financial incentive to find tenants to lease rack space in the telecom hotel. In short, IFW will incur all of the business responsibilities of operating a telecom hotel.

The City's sole obligation is to defray a portion of the costs that IFW will incur in operating a telecom hotel in Bloomington. Because the City has a strong interest in having IFW operate the telecom hotel, it makes sense for the City to share this financial risk with IFW, especially when the likely alternative is that IFW would abandon the telecom hotel and move to a smaller facility.

There is a good chance that the City will actually pay significantly less than its financial commitment.

The lease agreement contains generous provisions to reduce the City's lease payments as the telecom hotel generates income. At least one-third of the gross income that IFW receives from paying tenants of the telecom hotel will be used to reduce the City's lease payments. Indeed, if IFW can find customers to lease just eleven rack spaces at its standard rate of \$500 per month per rack space, the City's lease payments will be reduced to zero. Each rack space that IFW is able to lease to a paying customer will have a large positive impact on the amount that the City will pay.

Thus, although the lease agreement commits the City to pay almost \$90,000 over five years, it will pay the full amount only if IFW fails to find a single paying tenant for the telecom hotel (other than the City) during the next five years. That is a worst-case scenario, and rather unlikely to occur. IFW will be in the business of running a telecom hotel, and it will have a financial incentive to find paying tenants. Indeed, IFW has represented that it already has strong leads on two customers who want to rent three rack spaces in the telecom hotel.

The City has an immediate need for the rack space in the telecom hotel.

The City will receive use of five rack spaces in the telecom hotel, and we need that space. We have all but run out of space in the City's machine room in City Hall, which contains many of the data servers in the City's network, and we have put the maximum load on the power circuits in that room. In fact, the ITS staff blew the power circuits in the machine room a few months ago when we added a new server into production, forcing the City to temporarily shut off two lower-priority servers. The City either needs to expand the size of the City Hall machine room and run more power to it, or it needs to move some of its data servers to another site.

The telecom hotel is an ideal site to house some of the City's network equipment. The telecom hotel is a facility that is specifically designed for locating data and telecommunications equipment. It is a climate-controlled, secure facility that contains both battery back-up power and a back-up power generator. Our equipment will have greater protection at the telecom hotel than at any of our existing machine rooms.

### III. Terminating the City's Fiber in the Telecom Hotel

During the Phase II construction of the Bloomington Digital Underground, we installed a 96-strand fiber optic cable in conduit that we buried throughout the city. This 96-strand cable passes by the four main City buildings and the telecom hotel at 7<sup>th</sup> & Walnut Streets. At each of the four main City buildings, 24 fiber strands were spliced from the main cable and tied into fiber that enters into the building and goes to the machine room of the building. In the machine room, each of the 24 fiber strands was tied in to the fiber equivalent of a jack, which makes the fiber ready to use. Once terminated, a fiber strand can easily be connected to electronic equipment with a jumper cable.

For the four main City buildings, terminating 24 strands of fiber in the building was part of the Phase II construction, and the costs of the termination were wrapped up in the overall cost of the project. However, the City could not terminate strands of fiber in the telecom hotel during the Phase II construction because the City had no lease agreement to use the telecom hotel. The City installed a 96-strand fiber cable in conduit that goes by the telecom hotel, but none of those strands were spliced into the telecom hotel.

If the City enters into the lease agreement with IFW and receives the use of rack space in the telecom hotel, we can take advantage of that rack space only if we splice strands from the main cable and terminate them inside the telecom hotel. And we should terminate more than just the 24 strands that the City has allocated for its own use. Because we anticipate that entities that want to lease the City's fiber will do so to connect to the telecom hotel, it makes sense to bring the majority of the fiber strands – perhaps all 96 – into the telecom hotel.

Splicing and terminating fiber strands is labor-intensive work and is not cheap. We estimate that the cost of construction will be approximately \$30,000, and we respectfully ask for an appropriation in that amount. In developing our estimate, we consulted with Reliant Services, the company that completed the Phase II construction of the Bloomington Digital Underground, and we asked Reliant to estimate conservatively. We hope that the actual cost of construction will be less than \$30,000.

### IV. Fund Balances

There are sufficient funds in the Telecommunications Non-Reverting Fund to cover this appropriation. As of the end of fiscal year 2002, the balance remaining in the Infrastructure portion of the Telecommunications Non-Reverting Fund is \$87,025.76.

This balance accounts for the expenditures authorized in Appropriation Ordinance 02-10, which this Council passed in November 2002. That ordinance appropriated \$75,000 to purchase equipment for the City's data communications network and \$10,000 for consulting. As had been expected, we did not need the full amount of the appropriation for the equipment purchase, and only \$67,952.70 has been encumbered for that purchase. We encumbered the full \$10,000 for consulting. The stated fund balance has been reduced by these encumbered amounts.

In 2003, the City expects to receive approximately \$200,000 in revenues for the Infrastructure portion of the Telecommunications Non-Reverting Fund.



**City of Bloomington  
Office of the Controller**

**MEMORANDUM**

TO: Council Members

FROM: Susan Clark, Budget and Research Manager

RE: Appropriation Ordinance 03-01

DATE: January 9, 2003

**Telecommunications Non-Reverting Fund (Infrastructure)**

We are requesting an appropriation from the Telecommunications Non-Reverting Fund (Infrastructure) of \$48,600 to enter into a lease agreement with Indiana Fiber Works to rent space in the telecom hotel and to connect the City's fiber optic cable to equipment in the telecom hotel.

Please refer to the attached Fund Analysis showing the amounts allocated to and available for infrastructure. The Telecommunications Non-Reverting Fund was established in 1996 with Ordinance 96-31. This ordinance provided that 40% of the revenue would be dedicated for infrastructure. The total available for infrastructure today is \$87,025.76.

Please refer to the attached memo from Greg Volan, Chief Information Officer, for additional information. Feel free to call me at 349-3416 or contact Greg at 349-3485 if you have any questions or concerns.



**Telecommunications Non-Reverting Fund  
Fund Analysis - As of 12/31/2002**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b><u>Total Fund</u></b>							
Beginning Cash			85,809.26	244,814.40	507,426.93	766,877.84	864,158.22
<b>Revenues:</b>							
Miscellaneous & Interest Income			9,295.64	16,601.80	36,233.85	40,059.68	20,446.40
Franchise Fees		89,509.26	316,868.07	387,049.63	446,673.60	474,029.40	538,178.82
Total Revenue				403,651.43	482,907.45	514,089.08	558,625.22
<b>Expenses:</b>							
Telecommunication Services		3,700.00	167,158.57	141,038.90	223,456.54	231,808.70	268,126.18
Telecommunication Infrastructure			-	-	-	156,337.82	600,000.00
Encumbered Expenses						28,662.18	77,952.70
Total Expenses		3,700.00	167,158.57	141,038.90	223,456.54	416,808.70	946,078.88
Available Cash		85,809.26	244,814.40	507,426.93	766,877.84	864,158.22	476,704.56
<b><u>Services Account (60%)</u></b>							
Beginning Cash		-	50,005.56	78,545.21	179,697.17	245,985.10	322,629.85
<b>Revenues:</b>							
Miscellaneous & Interest Income		-	5,577.38	9,961.08	21,740.31	24,035.81	12,267.84
Franchise Fees		53,705.56	190,120.84	232,229.78	268,004.16	284,417.64	322,907.29
Total Revenue		53,705.56	195,698.23	242,190.86	289,744.47	308,453.45	335,175.13
<b>Expenses:</b>							
Telecommunication Services		3,700.00	167,158.57	141,038.90	223,456.54	231,808.70	268,126.18
Encumbered Expenses		-	-	-	-	-	-
Total Expenses		3,700.00	167,158.57	141,038.90	223,456.54	231,808.70	268,126.18
Available Cash	-	50,005.56	78,545.21	179,697.17	245,985.10	322,629.85	389,678.80
<b><u>Infrastructure Account (40%)</u></b>							
Beginning Cash		-	35,803.70	166,269.19	327,729.76	520,892.74	541,528.37
<b>Revenues:</b>							
Miscellaneous & Interest Income		-	3,718.26	6,640.72	14,493.54	16,023.87	8,178.56
Franchise Fees		3,803.70	126,747.23	154,819.85	178,669.44	189,611.76	215,271.53
Total Revenue		35,803.70	130,465.48	161,460.57	193,162.98	205,635.63	223,450.09
<b>Expenses:</b>							
Telecommunication Infrastructure	-	-	-	-	-	156,337.82	600,000.00
Encumbered Exp. for Infrastructure						28,662.18	77,952.70
Total Expenses		-	-	-	-	185,000.00	677,952.70
Available Cash		35,803.70	166,269.19	327,729.76	520,892.74	541,528.37	87,025.76

**ROLL CALL**

**MINUTES TO BE APPROVED: Nov. 18, 2002**

**REPORTS, RESOLUTIONS, AND COMMUNICATIONS:**

- ❖ Welcome New Plan Commissioners
  - ❖ Election of Plan Commission President and Vice President
  - ❖ Appointment of Plat Committee members (3)
- 

**PETITIONS:**

**SP-23-02**

**Steve Newsom  
2955T Winston St.**

Site plan and preliminary plat approval to allow construction of 20 duplex buildings on

Staff report .....	1-2
Location/Zoning/Land Use Map .....	3
Revised Petitioner's Statement .....	4-5
Site Plan #1 .....	6
Site Plan #2 .....	7
Third Hearing Staff Report .....	8-11
Second Hearing Staff Report .....	12-15
Aerial Photo .....	16

**PUD-30-02**

**Ken Blackwell/Suzanne Young  
3051 S. Sare Road**

Rezone to PUD, preliminary plan approval and preliminary plat approval to allow cons

Preliminary Report .....	17-23
Bike & Ped Safety Comm Report .....	24
Location/Zoning/Land Use Map .....	25
Petitioner's Statement .....	26-27
Amendment to Petitioner's Statement .....	28
Site Plan .....	29
Surrounding Densities .....	30
GPP-Subarea-Jackson Creek .....	31
GPP-Urban Residential .....	32
Letter of Opposition .....	33

**PUD-32-02**

**Michael Pauly  
1107-1113 S. Weimer Rd.**

Approval of an amendment to the Rolling Ridge PUD to add  
2.4 acres to construct 40 apartments and 70 parking spaces.

Second Hearing Staff Report .....	34-38
Rolling Ridge PUD Preliminary Plan Amendment map .....	39
Petitioner's Statement .....	40-46
Preliminary Plan map .....	47
Letter re: Traffic Control .....	48-50
Exhibit #1 .....	51
Exhibit #2 .....	52

*\*\*Next Plan Commission hearing scheduled for February 10, 2003.*



**City of Bloomington  
Office of the Common Council**

# **MEETING NOTICE**

## **Common Council Sidewalk Committee**

The Common Council Sidewalk Committee will meet at 12:00 p.m. on Tuesday, January 14, 2003. The meeting will be held in the McCloskey Room, at City Hall (401 N. Morton Street). The purpose of the meeting is to discuss sidewalk projects and procedures for 2003. Because a quorum of the Council may be present, this meeting would also constitute a meeting of the Council, as well as of this committee under the Indiana Open Door Law. For that reason, this statement is providing notice that this meeting will occur and is open for the public to attend, observe, and record what transpires.

**Dated and Posted: Thursday, January 09, 2003**

401 N. Morton Street Bloomington, IN 47404

City Hall

[www.city.bloomington.in.us](http://www.city.bloomington.in.us)  
email: [controller@city.bloomington.in.us](mailto:controller@city.bloomington.in.us)

Phone: (812) 349-3412 Fax (812) 349-3456



**City of Bloomington  
Office of the Common Council**

# **MEETING NOTICE**

## **Common Council Demolition Review Advisory Committee**

The Council Demolition Review Advisory Committee will meet at 4:00 p.m. on Wednesday January 15, 2003. The meeting will be held in Council Chambers at City Hall (401 N. Morton Street). Because a quorum of the Council may be present, this meeting would also constitute a meeting of the Council, as well as of this committee under the Indiana Open Door Law. For that reason, this statement is providing notice that this meeting will occur and is open for the public to attend, observe, and record what transpires.

Dated and Posted: Thursday, January 09, 2003