



# City of Tacoma City Council Study Session Minutes

733 Market Street, Tacoma WA 98402

Conference Room 16

**June 23, 2015**

**12:00 PM**

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## JOINT MEETING WITH THE PUBLIC UTILITY BOARD

### Call to Order

Mayor Strickland called the study session to order at 12:06 p.m.

**Present:** 7 - Boe, Campbell, Ibsen, Lonergan, Mello, Woodards and Mayor Strickland

**Absent:** 2 - Thoms and Walker

Tacoma Public Utility Board Members Present: Bryan Flint, Woodrow Jones, David Nelson, Mark Patterson and Monique Trudnowski

### Joint City Council/Public Utility Board Briefing Items

#### [15-0663](#)

Click! Network Update

At approximately 12:08 p.m., Woodrow Jones, Chair, Tacoma Public Utility Board, introduced other board members, and Bill Gaines, Director, Tacoma Public Utilities (TPU). Mr. Gaines provide a brief background regarding recent Click! Network presentations, and introduced Bob Mack, TPU, and Stuart Elway, Elway Research, who provided an overview of public meetings held, feedback given, and upcoming outreach regarding the future of the Click! Network.

Mr. Elway then presented results of a public opinion poll conducted May 19-22, 2015, including demographic profiles, percentage of cable television and broadband subscribers, indispensability of cable versus internet, percentage of users streaming video, percentage of households familiar with Click!, percentage of where video is watched, percentage of households that believe Click! should be supported solely by subscriber fees, whether additional operating funds should come from Click! subscribers, and Click! shutdown before ratepayer or taxpayer subsidies. He continued to review the results of the public opinion poll, including the future of Click! and potential services offered, opposition to Tacoma Power customers paying for Click! internet, leasing Click! network to private companies, opposition to increased

rates to keep Click! operating, service area expansion, and provided a summary of results.

Discussion ensued regarding percentage of Click! customer responses, citizen opposition to increased rates, and the ability to cross tabulate by Council District or zip code. Council Member Campbell requested to see break-out by District or zip code. Discussion continued regarding value of Click!, possible increased rates, impact to market, demographics of sample, future breakdowns by age group, number of Click! customers versus sample size, structuring of questions, adverse rate impacts, allocation of costs, who should pay for Click!, number of respondents in Click! service area, type of customers chosen for the sample, business community, sole support by subscriber fees, value of cable television, fiscal responsibility, value of Click!, policy, and maintaining the status quo.

At approximately 1:11 p.m., Mr. Gaines introduced Chris Robinson, Superintendent, Tacoma Power, and Doug Dawson, CCG Consulting, provided a review of current status, business model and recommendations, and provided an allocation overview. Mr. Dawson then presented alternative business models for Click!, including status quo, shutdown, lease, wholesale, data, and retail scenarios. He then discussed penetration rates, results of the retail scenarios, expanding the footprint, risks to consider, and conclusions. Mr. Robinson presented an overview of Seattle Municipal broadband; Comcast rates in Tacoma versus Seattle; Click! rates versus Comcast rates; and a Click! breakeven analysis, summary, and information/decision timeline.

Council Member Woodards requested to have a discussion about which values are important when considering which Click! option to choose.

Council Member Ibsen requested information on the shutdown scenario, inquiring if there was no Click! revenue what would the impact be to power rates inside and outside of Tacoma.

Council Member Campbell requested the marketing budget over the last five years and a national comparison to what other similar sized municipal networks are spending in their marketing budgets.

Discussion ensued throughout regarding wholesale to internet service providers (ISP's), leasing the network to a third party, market penetration, price of gigabit product, financing, why the recommendation has changed, brand competition and recognition, Comcast buy outs, losses, the shutdown scenario, overbuilding, marketing budget, triple play product, values, Tacoma 2025, economic development, positive cash flow, triple play plus gigabit, fiber versus coaxial connections, wholesale with gigabit upgrade, status quo, promoting locally and legal ramifications.

## City Council Briefing Items

There were no City Council briefing items.

## Other Items of Interest

Council Member Campbell stated that sidewalk cafes were discussed at today's Economic Development Committee meeting. He discussed proposed changes to application fees required for a sidewalk cafe permit, and stated the item would be a walk-on Ordinance at tonight's City Council meeting. Discussion ensued regarding fees, number of permits issued, time required for the permit process, and urgency.

Council Member Ibsen requested information on the Public Utility Board reappointment process in regards to the position of the Director. Discussion ensued regarding the reappointment process, and first and second reading dates.

## Committee Reports

There were no Committee reports.

## Agenda Review and City Manager's Weekly Report

### [15-0664](#)

Weekly Report to the City Council, June 18, 2015

T.C. Broadnax, City Manager, stated there will be one presentation and one recognition at tonight's City Council meeting, noting the presentation will present the City with the Vision 2040 award for the Downtown Tacoma Regional Growth Center plans, and the recognition will recognize the second quarter human rights champion award recipient, Mr. Norman Fournier. He stated there are no informational items related to tonight's agenda, and there will be one walk-on item related to sidewalk cafes.

## Adjournment

On proper motion, the study session was adjourned at 3:15 p.m.

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Marilyn Strickland, Mayor

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Doris Sorum, City Clerk