



RESOLUTION NO. 39346

1 A RESOLUTION relating to Tacoma Power; authorizing Tacoma Power to prepare
2 a draft Request for Proposal for a third-party to operate, use, and maintain
3 Tacoma Power's telecommunication network and purchase Click!'s physical
4 assets to offer cable television and retail internet services, including voice
5 over data internet protocol, and commercial broadband and Gigabit service
6 ("Retail Services") to residential and commercial customers within Tacoma
7 Power's service territory.

8 WHEREAS, in 1997, the City of Tacoma, through its electrical utility,
9 embarked on an effort to construct and operate a state-of-the-art
10 telecommunication system for the benefit of its electric utility and its electric utility
11 customers, and

12 WHEREAS the telecommunications system was constructed and has been
13 in continuous operation since 1999, and has proven to provide benefits for the City
14 electric utility and electric utility customers located both inside and outside City
15 limits, and

16 WHEREAS the telecommunication system is now a vital component of the
17 City's electric utility and continued operation and maintenance of the system is an
18 essential function of the electric utility, and

19 WHEREAS some of the benefits the City's electric utility and electric utility
20 customers have received from the system include (1) enhanced control, reliability
21 and efficiency of the City's electrical system; (2) increased capability to meet the
22 expanding telecommunication requirements in an evolving competitive electric
23 market, including the ability to make real-time, two-way interactive communications
24 with individual energy consumers; (3) improved traditional electric products
25 provided to consumers; (3) diversified revenue streams through new business lines
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(i.e., internet transport, cable TV, etc.); and (5) maximized return on the City's electric system assets, and

WHEREAS telecommunication technology is constantly evolving and improving, including recent developments in the areas of voice over data internet protocol, over-the-top video, and Gigabit-type service, and

WHEREAS the City's electric utility telecommunication system needs to be updated and modernized to keep up with current technology, and

WHEREAS some benefits of updating and modernizing the City's electric utility telecommunication system include allowing the utility to continue to efficiently and effectively meet the demands of new federal regulations relating to reliability of the electrical system, combating threats from possible cyberterrorism acts, participating in energy transactions and trades to balance the energy markets in less than 15-minute increments, enhancing communication between electric utility assets and electric utility consumers, and providing electric utility customers a means to instantly access electric utility accounts information for payment of bills, report outages, and obtain energy usage and conservation information, and

WHEREAS the expenditure of City electric utility revenues to update and modernize the electric utility telecommunication system is a necessary operating expense of the utility, and

WHEREAS the updating and modernization of the telecommunication system will have ancillary benefits to the City's electric utility customers by allowing them to access advanced telecommunication products such as voice over data internet protocol, retail and commercial broadband, digital cable television and



1 video on-demand products, Gigabit service, and related and enhanced services
2 offered as new technologies become available (“ancillary benefits”), and

3 WHEREAS the efficient and orderly development and distribution of these
4 ancillary benefits to electric utility customers through the electric utility
5 telecommunication system must come through a careful and deliberate planning,
6 and

7 WHEREAS the Public Utility Board passed Amended Resolution
8 No. U-10829, recommending solicitation of lease proposals for third-party use,
9 operation, and maintenance of Tacoma Power’s telecommunication, and
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11 WHEREAS the City Council has determined that developing and evaluating
12 a lease option is in the best interests of the electric utility customers and the City;

13 Now, Therefore,

14 BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

15 Section 1. That Tacoma Power shall identify all portions of the properties
16 owned by Tacoma Power surplus to the Utilities’ current and anticipated future
17 needs.
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19 Section 2. That Tacoma Power shall draft a request for proposals (“RFP”)
20 for a third-party operator to use and maintain the City of Tacoma’s
21 telecommunication network operated by Tacoma Power to offer cable television
22 and retail internet services, including voice over data internet protocol, retail and
23 commercial broadband, Gigabit service and related and enhanced services
24 including Smart Cities technologies as new technologies and services become
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1 available ("Retail Services") to residential and commercial customers within Tacoma
2 Power's service territory.

3 Section 3. The draft RFP shall include, but not be limited to, the following
4 elements:

5 a. Lease term of not less than 10 years and maximum (including options to
6 extend) of 40 years.

7 b. Requirement for third-party operator to secure and maintain a
8 telecommunications and/or cable franchise agreement with the communities
9 currently served and with communities into which the telecommunications system
10 may be expanded to in the future.

11 c. Payment of at least \$1,000,000 to purchase Click!'s operating assets.

12 d. Payment of at least \$2,000,000 per year, with CPI increases in years two
13 and beyond, for rent.

14 e. Investment of at least \$1,500,000 per year, with CPI increases in years
15 two and beyond, in direct capital investment in the physical network which shall
16 become the property of Tacoma Power at the end of the agreement.

17 f. Assumption of Click!'s I-Net obligations with the City of Tacoma.

18 g. Assumption of the infrastructure provisioning, support and maintenance of
19 Tacoma Power's Power Control and Operations Networks

20 h. Agreement to maintain the Open Access status of the network.

21 i. Agreement to limit cable television rate increases to no more than
22 5 percent in the first two years of the term of the agreement.

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j. Agreement to maintain the existing Click! cable television packages and associated rates for the first two years of the term of the agreement (except rates may be adjusted due to increases for programming and retransmission consent license fees, but such adjustments are limited to 5 percent).

k. Agreement to assume and continue Click!'s existing wholesale relationships with Rainier Connect, Advanced Stream, Net-Venture, Optic Fusion, Integra, CenturyLink, twtelecom, Noel Communications, and Spectrum Networks.

l. Agreement to provide lifeline and internet service to Tacoma Power's low-income program qualifying customers.

m. Deployment of Gigabit internet service over the course of the first few years of the agreement.

n. Agreement to interview all Click! employees who express an interest in employment with the third-party operator.

o. Agreement to negotiate measures and standards to maintain the level of customer service currently provided by Click! and provide for enforcement of customer service standards through the final agreement and the City right-of-way franchise agreement.

p. Agreement to negotiate terms in the final agreement that tie the third-party product offerings and performance to the achievement of public policy objectives identified by the TPU Board and City Council, including coordination with goals and strategic plans of TPU and the City of Tacoma; fostering and enhancing educational opportunity and economic activity in Tacoma and Pierce County; and



ensuring just access to internet service regardless of economic condition, social
1 barriers, and physical challenges.

2 q. Agreement to provide equitable upgrades and network expansion to the
3 full Tacoma Power service area.

4 r. Agreement to provide Network capacity for SMART City technology or
5 rights.

6 s. Allowance for variation from each of the criteria described above in the
7 proposal with an explanation of why the variation will provide improved operations
8 and/or performance to the customers, TPU, the City, and/or the third-party operator.
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10 Section 4. Tacoma Power shall provide the Tacoma Public Utility Board and
11 Tacoma City Council with the identification of surplus properties and draft RFP on
12 or before April 29, 2016.

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15 Adopted _____
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17 _____
18 Mayor

19 Attest:
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21 City Clerk

22 Approved as to form:
23 _____
24 City Attorney

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