



**TO:** Elizabeth Pauli, City Manager  
**FROM:** William Fosbre, City Attorney, City Attorney's Office *W.F.*  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution – Establishing a vision and next steps for maximizing the value of Click! Network, and to support community policy goals related to the purposes for and use of Click!  
**DATE:** January 24, 2018

---

**SUMMARY:**

A resolution establishing a vision and next steps for maximizing the value of Click! Network, and to support community policy goals related to the purposes for and use of Click!.

**COUNCIL SPONSOR:** Mayor Woodards

**STRATEGIC POLICY PRIORITY:**

- Ensure all Tacoma residents are valued and have access to resources to meet their needs.
- Encourage thriving residents with abundant opportunities for life-long learning.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

**BACKGROUND:**

The City of Tacoma through its Department of Public Utilities (“TPU”), Light Division (d.b.a. “Tacoma Power”) has, since 1997, owned certain telecommunication assets that it uses to deliver cable television, broadband internet, and other services within Tacoma Power’s service area. The telecommunications network is known as Click! Network (“Click!”). Through its creation, development, and delivering of services, Click! has achieved substantial policy goals for TPU, the City, surrounding communities, and their residents and businesses. Click! enables the City of Tacoma and TPU to further goals of equity, neutrality, privacy, and affordability. At the same time, Click! provides competition—the pinnacle of communications policy—and competition is critical to improve service and pricing in broadband. Thanks to its investment in Click!, the Tacoma community has developed a competitive broadband environment that offers a level of competition that is available only in a relative handful of American communities. These achievements are of enduring value. Moreover, these benefits are uncommon—only a 100 or so U.S. cities that have built broadband networks have accomplished what TPU and the City has with its Click! investment.

- With Click, Tacoma has more than one cable company and one telephone company providing internet access in the residential and small business markets. Only a small fraction of American communities has more than two robust internet competitors, placing Tacoma in an exceptional position.
- With Click, Tacoma developed a broadband platform that reached residents of Tacoma without consideration of factors such as demographics and profitability.
- With Click ownership held by the City and TPU, Tacoma is in a relatively rare position: it can set policies about how its network will be governed and it can choose to ensure such goals such as respect for consumer data. This means the City can, among other things, decide what levels of consumer privacy and net neutrality it wants to guarantee for its citizens.



Nevertheless, the existing business plan associated with Click! telecommunication services offered to customers does not generate sufficient revenues to fully fund current expenses (in particular, those expenses related to CATV/cable television services), nor can existing revenues fully fund capital improvement costs related to these functions.

The Public Utility Board sought policy direction from the City Council on how to remedy the current financial situation. On December 12, 2015, the City Council, pursuant to Amended Resolution No. 39347, requested the Board to direct Tacoma Power to prepare an all-in retail services plan related to Click! Operations, and on September 28, 2016, the Board, pursuant to Amended Resolution U-10879, approved a high-level plan. However since that time, an independent municipal broadband consultant has subsequently reviewed Click!'s assets, operations, the current and future state of technology, and market conditions, and has determined that the City cannot meet some of the community's policy goals related to Click! using an all-in retail services plan that is paid for in part by electric utility funds.

The City Council and Board remain deeply committed to Click!, and continue to support community policy goals related to purposes for and use of Tacoma Power's assets comprising Click!, including the following policy goals:

- (1) Continuing public ownership of the telecommunications assets, especially those assets necessary for Tacoma Power operations;
- (2) Ensuring geographically, economically, and technologically equitable access;
- (3) Creating low-income affordable access to telecommunication services;
- (4) Enforcing net neutrality principles for all customers;
- (5) Allowing open access to telecommunication assets by other telecommunication providers, to the extent such access benefits customers;
- (6) Preserving competition among telecommunication providers that benefits customers (such as high-quality, technologically up-to-date, and reasonably priced telecommunication services), including restricting transfer of ownership or operations that reduce competition;
- (7) Safeguarding the use of telecommunications services by Tacoma Power, the City, and other local governments;
- (8) Maintaining financial stability of the telecommunications business operations utilizing the Click! assets;
- (9) Promoting economic development and educational opportunities;
- (10) Providing job options and security for Click! staff and protecting the intellectual capital of the system;
- (11) Protecting customer privacy; and
- (12) Preserving Click!'s goodwill, including via its market-leading customer service for telecommunications customers.

It is the desire of the City Council and Board to use these community policy goals in shaping a new course for the use of Click!'s assets to continue to provide telecommunication services to the community.

**ISSUE:**

The existing business plan associated with Click! telecommunication services offered to customers does not generate sufficient revenues to fully fund current expenses (in particular, those expenses related to CATV/cable television services), nor can existing revenues fully fund capital improvement costs related to these functions. The City Council and the Board remain deeply committed to Click! and continue to support community policy goals related to the purposes for and use of Tacoma Power's assets comprising Click!, and desire to use these policy goals in shaping a new course for the use and preservation of Click! assets.



**ALTERNATIVES:**

Shutting down the Click! network. This alternative would result in sacrificing all of the policy achievements that Click! has delivered to date, and negatively impact nearly all of the community policy goals related to the creation and development of Click!

**RECOMMENDATION:**

That the City Council and Board establish a vision and next steps for maximizing the value of Click! Network, and support community policy goals related to the purposes for and use of Tacoma Power's assets comprising Click!, including rescinding the City Council's prior request to the Public Utility Board to develop an all-in retail services plan that is paid for in part by electric utility funds.

**FISCAL IMPACT:**

N/A