



RESOLUTION NO. 39930

1 BY REQUEST OF MAYOR WOODARDS

2 A RESOLUTION relating to Click! Network; establishing a vision and next steps for
3 maximizing the value of Click! Network.

4 WHEREAS the 1997 business plan contemplated that the revenues
5 associated with telecommunications services related to city government
6 communications, cable television ("CATV") service, transport of signals to service
7 providers offering telecommunications services, and internet access services would
8 pay for the costs of such services and may provide an additional revenue stream to
9 Tacoma Power to help offset the construction and operation costs associated with
10 the telecommunications system, and

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12 WHEREAS the City Council of Tacoma delegated authority to the Public
13 Utility Board ("Board") and the Department of Public Utilities ("TPU"), Light Division
14 (d.b.a. "Tacoma Power"), to implement and manage a broadband
15 telecommunications system ("Click! Network" or "Click!," as authorized through City
16 Council Substitute Resolution No. 33668, approved April 8, 1997, and Public Utility
17 Board Amended Substitute Resolution U-9258, approved April 9, 1997), and

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19 WHEREAS many of the functions of the telecommunications system
20 envisioned in the 1997 business plan have been achieved since the infrastructure
21 improvements were completed in 1999, including: conventional substation
22 communication functions, City government communications functions, CATV
23 service, and transport of signals for service providers offering telecommunications
24 services, through Click!; and internet access services, through third-party providers,
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26 and



1 WHEREAS other contemplated functions have been partially achieved
2 through the Gateway meter program, which include: remote turn on/off for electric
3 customers, automated meter reading (electric), and provision of information to
4 customers that is relevant to their energy purchasing decisions, and

5 WHEREAS it is recognized that a portion of Tacoma Power's
6 telecommunication infrastructure in part used by the Click! Network was funded
7 through Click! customer revenues as well as the City of Tacoma (specifically, the
8 Institutional-Net fiber), and

9 WHEREAS, at the time of construction, Click!'s infrastructure and equipment
10 were state-of-the-art and allowed customers of Click! to experience exceptional
11 access to the internet, and

12 WHEREAS the construction of Click! has increased competition for CATV
13 and telecommunications products which, in turn, enhanced customer service,
14 capital improvements to existing telecommunication provider systems and products,
15 and greater access to CATV and telecommunication services, and

16 WHEREAS the telecommunications system continues to provide
17 interconnectivity, advanced control, and power management between electrical
18 substations, which provides safe, reliable, and efficient use of electrical resources
19 for the benefit of all Tacoma Power customers; nevertheless, not all of the original
20 contemplated uses of the telecommunication system by Tacoma Power for power
21 purposes have come to fruition, and

22 WHEREAS much of the existing telecommunications system and equipment
23 will not be needed by Tacoma Power for power purposes in the future, and



1 consequently, Tacoma Power does not intend to update and improve those parts of
2 the telecommunication system and equipment to the latest technology in the future,
3 making telecommunication services offered to customers less competitive in the
4 current commercial telecommunication market, and

5 WHEREAS the existing business plan associated with Click!
6 telecommunication services offered to customers does not generate sufficient
7 revenues to fully fund current expenses (in particular, those expenses related to
8 CATV/cable television services), nor can existing revenues fully fund capital
9 improvement costs related to these functions, and
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11 WHEREAS the Board sought policy direction from the City Council on how to
12 remedy the current financial situation by recommending two potential alternative
13 paths: (1) U-10828, requesting approval to adopt a business plan where Click!
14 would provide retail telecommunications services (along with CATV services) to its
15 customers paid for by Click! customers and electric utility funds; or (2) U-10829,
16 requesting approval to solicit lease and property sale proposals for a third-party
17 operation to use and maintain Click! to provide telecommunication services, and
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19 WHEREAS, on December 12, 2015, the City Council, pursuant to Amended
20 Resolution No. 39347, approved the first alternative path and requested the Board
21 to direct Tacoma Power to prepare an all-in retail services plan related to Click!
22 operations, and
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24 WHEREAS, on September 28, 2016, pursuant to Amended
25 Resolution U-10879, the Board approved a high-level business plan requiring Click!
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1 to offer retail services to customers paid for by electric utility funds and forwarded
2 the plan to the City Council for review and concurrence, and

3 WHEREAS, since referring the high-level plan for review, customers of
4 Tacoma Power have filed a claim for damages and lawsuit related to
5 implementation of an all-in retail services plan paid for in part by electric utility
6 funds, specifically challenging that the plans required the use of Tacoma Power
7 revenues generated from electricity sales to fund potential deficits in Click!
8 operating expenses and capital improvement costs related to implementing the all-
9 in retail services plan, and

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11 WHEREAS no action on the high-level plan was taken by the City Council,
12 and it is now apparent that Click! revenues alone will not support completion of an
13 all-in retail services (including internet, CATV, and voice over internet protocol)
14 plan, nor are such revenues sufficient to make necessary capital improvements
15 related to implementing such a retail services plan, and

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17 WHEREAS the City Council and the Board have re-examined the long-
18 standing community policy goals for providing Click! telecommunications services
19 (television, internet, telephone, etc.) to customers, and the City Council and the
20 Board remain deeply committed to Click! and continue to support community
21 policy goals related to the purposes for and use of Tacoma Power's assets
22 comprising Click!, including the following community policy goals:

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24 (1) Continuing public ownership of the telecommunications assets,
25 especially those assets necessary for Tacoma Power operations;

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(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, and

WHEREAS an independent consultant on municipal broadband has 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
1 paid for in part by electric utility funds, and

2 WHEREAS the City Council and the Board met in a joint study session on
3 January 23, 2018, to discuss the community policy goals and proposed Board
4 Resolution U-10988, related to next steps and a new vision for Click!, and
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6 WHEREAS, on January 24, 2018, after accepting comment from the public,
7 the Board approved Resolution U-10988, and

8 WHEREAS, due to the above factors, it is now deemed to be in the best
9 interests of the customers of Tacoma Power, including Click! customers and
10 residents of the City of Tacoma to pursue alternative courses which do not involve
11 Click! directly providing all-in retail services to customers that are paid for in part by
12 electric utility funds, and
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14 WHEREAS, instead, the above policy goals will be utilized in shaping a new
15 course for the use and preservation of the assets of Click!; Now, Therefore,

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17 **BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:**

18 Section 1. That the Public Utility Board's ("Board") decision pursuant to
19 Board Resolution U-10988, to rescind Board Resolution U-10879, passed
20 September 28, 2016, which approved a high-level business plan requiring Click! to
21 offer all-in retail services to customers paid for in part by electric utility funds, is
22 accepted by the City Council.
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24 Section 2. That the City Council's Amended Resolution No. 38347,
25 requesting the Board to develop such a plan paid for in part by electric utility funds,
26 is also rescinded.



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Section 3. That the community policy goals listed above in the recitals and approved by the Board are approved by the City Council.

Section 4. That requests for information, proposals, or qualifications from any and all entities (with a working knowledge of the assets and the business of Click!) will be sought to determine how, and to what extent, the community policy goals can be achieved through collaboration and/or restructuring of Click!.

Section 5. That the Interim Director of Utilities shall work jointly with the City Manager to detail next steps, including the preparation of requests for information, proposals, or qualifications, and may retain the services of a consultant to assist in such efforts, to be jointly funded by the City and Department of Public Utilities. It is expected that such requests shall be submitted to any and all entities no later than the end of February 2018. The Board and City Council are expected to take action within three of months of receipt of the proposals.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

City Attorney