



## RESOLUTION NO. 40272

1 A RESOLUTION relating to the Click! Network; approving the execution of an  
2 agreement between the Department of Public Utilities, Light Division  
3 (d.b.a. "Tacoma Power"), and Rainier Connect to negotiate in good faith  
4 formal partnership contracts related to the operation and use of the Click!  
Network; setting a time frame for negotiations; and authorizing a  
conditional extension of that time frame.

5 WHEREAS, in July 2018, the City Council and Public Utility Board ("Board")  
6 directed CTC Technology & Energy ("CTC") to negotiate with Rainier Connect,  
7 Wave Broadband, and Yomura Fiber to develop formal partnership proposals  
8 regarding the operation and use of the Click! Network that further the City's  
9 12 policy goals, and  
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11 WHEREAS, in Fall 2018, as part of the negotiation process, the City began a  
12 formal process of outreach to seek feedback from community members, Click!  
13 customers, employees, ratepayers, businesses, and current Click! Network  
14 business partners on the 12 policy goals, and  
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16 WHEREAS CTC, with representatives from the Department of Public  
17 Utilities, Light Division (d.b.a. "Tacoma Power"), City Attorney's Office, and the  
18 City's Office of Media and Communications, spent extensive time meeting with the  
19 prospective partners to discuss and negotiate term sheet proposals, and  
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21 WHEREAS negotiations with Yomura Fiber ended due to incompatibility  
22 regarding control of fiber used by Tacoma Power and current federal security  
23 regulations, and  
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25 WHEREAS negotiations with Wave Broadband and Rainier Connect led to  
26 completed term sheets, and



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WHEREAS the two term sheets were presented to the Council and Board at a Joint Study Session on March 5, 2019, and

WHEREAS a summary of the key differences between the two term sheet proposals are as follows:

<b>Wave Broadband</b>	<b>Rainier Connect</b>
Proposes to pay net \$1 million/year (\$1.5 million less electricity cost)	Proposes to pay \$2.5 million/year, increasing to \$3 million in year 5
Does not participate in federal Lifeline subsidy program	Participates in federal Lifeline subsidy program (\$9.25/mo. for qualified consumers)
Will not sell to any entity with more than 33 percent market share	Will not sell to any entity with more than 25 percent market share
TPU can decline transfer of IRU interests based on legal, technical, or financial capacity of transferee	TPU can decline transfer that violates any of the 12 policy principles or based on legal, technical, and financial capacity
Offers good customer service guarantees	Offers exceptional customer service guarantees
Able easily to scale to meet IRU obligations	Capability to scale to meet IRU obligations

and

WHEREAS, although both term sheets meet and exceed the policy goals and represent optimal market outcomes, the Rainier Connect proposal offers higher compensation and better terms than the Wave Broadband proposal; therefore, CTC recommends that TPU and the City negotiate a formal partnership arrangement with Rainier Connect to operate and use the Click! Network, and

WHEREAS the Public Utility Board conducted public meetings on March 13, 2019, and March 18, 2019, seeking input from all interested parties on the partnership proposals and recommendation, and

WHEREAS the City Council and Board have diligently reviewed the proposals and comments from interested parties, and believe it is in the best



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interests of Tacoma Power ratepayers and customers of Click! Network to negotiate a formal partnership arrangement with Rainier Connect

WHEREAS, by adoption of Public Utility Board Resolution No. U-11070 at its Special Meeting of March 18, 2019, the proposed negotiations between Tacoma Power and Rainer Connect were approved, pending confirmation from the City Council; Now, Therefore,

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

Section 1. That the request of the Director of Utilities, to execute an agreement on behalf of the Department of Public Utilities, Light Division (d.b.a. "Tacoma Power"), with Rainier Connect to negotiate in good faith, formal partnership contracts related to the operation and use of the Click! Network, is hereby approved.

Section 2. That it is expected that such contracts will be ready for review and approval by both the Tacoma Utility Board ("Board") and City Council by the end of June 2019; however, if the parties are making substantial progress and agree to continue negotiations, then the Director of Utilities and City Manager are authorized to jointly extend the deadline for negotiations. In the event the



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deadline is extended, the Director of Utilities and City Manager shall provide the Board and City Council with regular updates on the progress of such negotiations.

Adopted \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney

Requested by Public Utility Board  
Resolution No. U-11070