

April 5, 2017

Mr. Paul Kronberger
Chief Information Officer
City of Madison, Wisconsin
210 Martin Luther King, Jr. Blvd.
Madison, WI 53703-3345
pkronberger@cityofmadison.com

Subject: Ongoing support for the City's fiber-to-the-premises initiative

Dear Paul:

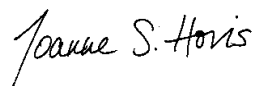
As we discussed, CTC is pleased to provide you with this proposed scope of work, which outlines our continued support for the City of Madison's fiber-to-the-premises (FTTP) initiative. We understand that the City seeks continued support to develop an FTTP implementation plan, to identify one or more partners to enter a public-private partnership with the City, and to carry out the necessary steps related to a public hearing, as required by Wisconsin state law.

CTC is closely connected to current efforts by many cities and counties to enlist private sector partners for broadband services, and we will bring to bear our expertise developing and supporting procurement processes to successfully engage the private sector. As part of our role, we will also provide support for the City's required public hearing by offering guidance and clarification on the technical design, financial analysis, and cost estimates presented in our feasibility study.

Additionally, we will be available to offer background support of the City's public hearing process, and one or more CTC representatives will attend the hearing(s) in person to directly address any questions related to the cost-benefit analysis. Given our local presence, we can be particularly responsive to the City's needs as it continues to take steps to adhere to the state's regulatory requirements, and as it explores how to deploy citywide FTTP.

Please do not hesitate to contact me if you would like to discuss this proposal further. We look forward to supporting the City on this important initiative.

Best Regards,



Joanne S. Hovis | President

Columbia Telecommunications Corporation

Scope of Work

In 2016, CTC prepared for the City a feasibility study that outlines a high-level network design, and projects the costs and benefits associated with potentially deploying an FTTP network. Our cost estimates and financial analysis used a range of assumptions to illustrate for the City what FTTP deployment in Madison may look like in various scenarios. The resulting CTC report assisted the City in identifying its goals in building a fiber-based broadband network:

- Racial Equity - Alignment with Racial Equity and Social Justice (RESJ) and digital divide goals
- Ubiquity - Service is deployed to the entire City
- Competition in the marketplace - Enabling multiple providers to compete
- Consumer choice - Citizens can purchase service from various providers
- Control - The City has a long-term stake in the asset

The report recommended a shared investment and risk model in which the City and a private partner(s) find creative ways to share the capital, operating, and maintenance costs of a broadband network. The evolving structure of this model is referred to as a “Dark FTTP Partnership”. The report estimates capital costs to build the city’s portion of the network at \$149.1 million that would be spread over 3-5 years.

Our proposed statement of work (SOW) will assist the City¹ with the development of the implementation plan to include:

- A “Dark FTTP partnership” model as described in the report
- Compliance with Wisconsin State Statute 66.0422
- Recommendations to fund the City’s portion of the project
- Identification of interested public and private partners

To assist the City with the implementation plans, we offer the following tasks:

- Support ongoing broadband strategic planning support, including private partner identification and negotiations;
- Development of a broadband implementation plan under the “Dark FTTP Partnership” model identified in our feasibility study; and
- Assistance with the City’s public hearing process and other regulatory requirements.

TASK # 1: Support Ongoing Broadband Strategic Planning Support Toward

¹ The Digital Technology Committee and a staff team with representation from Finance and City Attorney and led by IT staff.

Public–Private Partnership

In addition to providing guidance for traditional models where the public entity acts as a service provider, our experienced staff has helped negotiate innovative public–private partnerships between our public-sector clients and a range of private industry partners. We propose to guide the City through a request for information (RFI), and potentially a subsequent request for proposals (RFP) process, to identify one or more private partners to meet the community’s broadband goals.

Our team is versed in a range of ownership models, and we are particularly experienced in helping communities identify private partners for broadband initiatives. Our goal in these engagements is to develop one or more relationships in which the private partner shares the risk of expanding a network to serve the community’s broader needs. In these engagements, too, we will ensure that the City’s unique goals drive the process, and we will be vigilant about protecting the community’s interests, and managing the City’s risk with respect to partner financing and operations.

Our success as consultants comes down to the fact that we do not minimize our assessment of costs or risks; nor do we make unreasonable assumptions about revenue factors.

As the City’s consultant throughout this process, we propose to perform the following general tasks:

- A. Outline a range of potential partners that may have an interest in working with the City;
- B. Assist the City in prioritizing its goals and objectives to identify which approach to FTTP deployment is most applicable to Madison;
- C. Work with City Staff to identify the appropriate “procurement” process to identify and select the desired appropriate partner(s);
- D. Include Racial Equity and Social Justice considerations to assure that all residents may obtain high speed internet access and other services;
- E. Outline and refine options in the Dark FTTP Partnership model;
- F. Manage RFI’s and RFP’s that are required to solicit responses² and select appropriate partner(s);

² The RFI and RFP process is designed to solicit responses for the dark FTTP partnership model.

- G. Provide ongoing operational and contractual management and support for the City's digital divide pilot process, including utilizing the cost/benefit information generated from the city's digital divide pilot project;
- H. Help the City identify potential private-sector partners that may be interested in collaborating to deploy ubiquitous FTTP in Madison;
- I. Ensure that any potential private sector partner(s) that seek to collaborate with the City are capable and willing to meet all the City's broadband goals;
- J. Refine the cost-benefit analysis based on on-going discussions with one or more potential partners;
- K. Participate in presentations (in-person and teleconference) to the Digital Technology Committee, City Staff, and City Council as required;
- L. Update cost estimates (cap ex and op ex based upon refinements in the partner(s) selection process;
- M. Offer expert strategic guidance during a discovery process with the private partner(s), potential negotiations including assisting the City's legal counsel with developing contractual documentation for partnership; and
- N. Conduct telephone, videoconferencing, and/or in-person discussions with potential private-sector partners to protect the City's interests.

The above tasks help create the foundation for the broadband implementation plan.

TASK # 2: Development of A Broadband Implementation Plan

We will be the City's trusted adviser throughout this engagement, and will deliver an independent strategic and implementation plan that will guide the City's future steps. We propose to shape the implementation plan over the course of the year, with information and data points from procurement processes and City negotiations with a private partner informing the plan. The implementation plan will:

- A. Use as its foundation the Dark FTTP Partnership model;
- B. Leverage the partner(s) selection process above;
- C. Provide strategic guidance around the City's messaging to the public regarding its plans to deploy an FTTP network with a private partner;
- D. Include Racial Equity and Social Justice considerations to assure that all residents may obtain high speed internet access and other services;

- E. Incorporate non-proprietary discussions with the City's chosen partner(s) and the mutually agreed upon path forward between the parties;
- F. Assists the City in identification of potential funding and financing mechanisms the City may employ to implement its Dark FTTP Partnership;
- G. Outline a implementation timeline and key milestones:
- H. Lay out potential quantifiable and "beyond the balance sheet" benefits the City may realize throughout the course of its project; and
- I. Develop a roadmap for implementation that evaluates the City's path forward.

TASK # 3: Provide Assistance with the Public Hearing Process and Other Regulatory Requirements

We propose to assist the City and its legal counsel in preparing documentation, answering inquiries, and completing the public hearing process. Because we prepared the cost–benefit analysis based on our research, business modeling, network design, and financial projections, we are particularly well-suited to present and field questions about the findings.

We will provide background support before, during, and after the public hearing process, assisting the City as it takes the necessary steps to organize, publicize, and conduct a public hearing based on the findings of the cost–benefit analysis. CTC Principal Engineer Tom Asp will attend the hearing to offer expert guidance on financial, technical, and business planning questions from the public, media, and stakeholders. Further, our team will be available as needed throughout the process to assist the City in making strategic political decisions in conjunction with the City's legal counsel.

We will perform the following general tasks to support the City's public hearing process:

- A. Work with the City's legal staff and representatives to ensure the plan is compliant Wisconsin State Statute 66.0422;
- B. Provide strategic guidance about public messaging for the hearing process to enable the City to communicate effectively with the community;
- C. Include Racial Equity and Social Justice considerations, including any potential impact analysis, to assure that all residents may obtain high speed internet access and other services;
- D. Aid the City in preparing written materials to use for the hearing, such as a brief summary of the cost–benefit analysis and content for a press release;

- E. Assist the City in developing a final presentation for the public hearing;
- F. Attend the public hearing to present material as required and answer questions related to the cost–benefit analysis and the implementation plan; and
- G. Follow up after the hearing to provide answers to questions that cannot be addressed during the public hearing process.

Deadline

Per City of Madison Resolution #44446, this FTTP implementation plan is due to the Common Council by December 31, 2017. City staff will be provided with the first draft by October 13, 2017 in order to have sufficient time for review and discussions with CTC on any necessary edits or corrections. The final plan will then be provided by December 8, 2017, in order to allow time for review by city management. It is understood that the public hearing process will not occur until 2018, so tasks related to this will, of necessity, not be completed until that timeframe.

Cost

CTC proposes to perform the tasks identified in the scope of work above for a not-to-exceed cost of \$189,000, (invoiced at the hourly rates listed in Table 1). *We will not charge for any travel or expenses.*

Because our clients are almost exclusively in the public sector, our rates are extremely competitive relative to many consultants who do business planning, engineering, and other kinds of strategic work on communications projects.

Table 1: CTC Staff Labor Rates for Ongoing Support

Labor Category	Rate
Director of Business Consulting / Engineering	\$170
Principal Analyst / Engineer	\$160
Senior Project Analyst / Engineer	\$150
Senior Analyst / Engineer	\$140
Staff Analyst / Engineer	\$130
Communications / Engineer Aide	\$ 75

As standard procedure, CTC bills monthly and requires payment within 30 days. CTC’s billing rates are inclusive of all routine expenses including administrative, accounting, and computer support, telephone calls, and photocopying.