

City of Salem Strategic Plan Downtown Broadband and Wi-Fi Market Analysis Proposed Action

Concept

Conduct a market analysis for a high-speed broadband network in the downtown and free Wi-Fi in the downtown.

Department Director Sponsor

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Purpose and Scope of Initiative

The City of Salem's Strategic Plan (2017) prioritized city development of broadband service in the downtown and free city-provided Wi-Fi in the downtown. These priorities reflect broad community input received during the development of the Strategic Plan and leads to questions that could be best addressed through the proposed market analysis:

- 1) What is the need and demand a high-speed broadband network downtown?
- 2) If the City were to move forward with this project, what would have the greatest return on investment:
 - a. City installed conduit leased to internet service providers who would pull fiber and provide service to end-users?
 - b. City installed conduit and fiber, with fiber leased to internet service providers who would provide service to end-users?
 - c. City installed conduit and fiber, with the City acting as an internet service provider who would provide service to end-users?
- 3) What is the need and demand a free Wi-Fi network downtown? Where is there existing free Wi-Fi provided by downtown businesses? What is the cost/benefit of the City providing this free service?

The Strategic Plan also includes actions tied to start-up and entrepreneurial support programs and identifies the development of a Downtown Streetscape plan that is currently underway. This market analysis would explore whether a high-speed broadband network in the downtown and free Wi-Fi in the downtown would be beneficiary to other goals in the Strategic Plan, such as start-up and entrepreneurial support. It will also identify the location of existing conduit within the downtown core and whether or not there would be efficiencies in building out the proposed network in conjunction with building Downtown Streetscape improvements.

Additionally, this analysis would explore various municipal models for broadband service. The City of Eugene, as well as other cities in Oregon and across the nation have undertaken similar projects. Projects have ranged in scope from geographically-limited free Wi-Fi, owning and operating a broadband network as a municipal utility, installing and leasing conduit to broadband providers, and installing both conduit and fiber and leasing fiber strands to broadband providers to spur competition and faster internet service.

This proposal assumes that a consultant will be retained to lead the market analysis. This research may be completed within six months of entering into a consultant contract for services. Pilot broadband and Wi-Fi projects may be recommended depending on the research results.

Subject Experts, Business Leads, Community Partners

IT Department

Consultants

City of Eugene and other communities that have undertaken this effort

Checklist

- How does the proposal align with the mission, vision, values and desired outcomes of the Strategic Plan?

This proposal for a market analysis for high-speed downtown broadband network and free Wi-Fi network relates to the City's mission, vision and values of economic vitality, being proactive and forward-thinking, a vibrant downtown, and greater sustainability for small businesses.

- Is the City currently working on this?
The City is not currently working on this.

- Is this a new initiative for the City of Salem?
 - Is the activity wholly within the City's capacity to influence?
 - What are the consequences of inaction or risk of doing nothing?
 - Is this initiative to be addressed by Council?

This would be a new initiative for the City of Salem. The activity is largely within the City's capacity to influence, but may require cooperation/collaboration from property owners, businesses, or broadband service providers. The consequences of inaction will be identified as the market and feasibility analysis is developed. The initiative would be addressed by Council following completion of this study, at which time pilot projects may be considered.

- Is this critical to developing the organizational capacity (funding or staffing resources) to deliver a Strategic Plan initiative or further mission, vision or values?
 - Will this effect more than two functional areas?

The results of the market analysis may recommend pursuing pilot broadband and Wi-Fi projects. These projects would affect multiple functional areas within the City's operations, including IT, Urban Development, Legal, Finance, and Public Works.

Cost Estimate

- How many FTE are working on it, will be working on it?
- What are the other annual costs associated with the activity? Are these one-time or ongoing expenses, for how long?
- Is there any off-setting revenue associated with this activity? Estimate annual offsetting revenue.
- Can it be managed within the current budget?

The consultant cost for this analysis is estimated at \$100,000. One FTE each from IT and Urban Development would each be devoted 15-20 percent to this effort. This would be a one-time cost. Future costs would be incurred if a decision was reached to pursue pilot projects. It is proposed that the funding for this consultant-led analysis would come from the Riverfront-Downtown Urban Renewal Area budget in support of revitalization of the downtown core.

A pilot Wi-Fi project would potentially be undertaken in Riverfront Park due to topography and property ownership. A pilot Wi-Fi project in this area would cost \$40,000 to \$50,000 to install five-to-ten access points. Technical support hours and costs and long-term financial viability are not known at this time.

Costs associated with a pilot broadband project cannot be estimated until it is known which business model is most suitable for the community. However, in 2017 the City of Eugene in partnership with EWEB launched a high-speed fiber network project to serve their downtown. Their implementation cost is estimated at \$4 million, with \$3 million of the funding to come from urban renewal.

The market analysis would evaluate potential off-setting revenue opportunities.

Project Schedule, Estimated Time to Complete (from date of authorization)

Once budget is approved and the procurement process for consulting services has been completed, it is estimated that the market and feasibility analysis will take six months to complete.

Project Support

- Is it supported elsewhere in the community?
- What is the community benefit of the project?

Potentially, this project may be supported by downtown businesses and customers who could benefit from increased competition among broadband providers or municipal

service. The analysis would explore whether or not there is alignment with and support from other community partners such as educational institutions.

Other Project Considerations

- How many people will this impact? Can we estimate ROI?
Through this project, we will identify how many people a broadband and/or Wi-Fi project could impact, as well as the ROI for undertaking the project.
- Can this outcome be achieved through some other method?
Staff is not able to define the market need and project feasibility without hiring a consultant to undertake this analysis.
- What are the tradeoffs of doing this now? Are there other implications of doing this
Beyond the request for funding for consultant services, there is no request for additional staff or ongoing funding. The financial tradeoffs of moving to implementation of pilot projects will be considered following the analysis phase of the effort.
- Is this being done by others in our community?
Incumbent services providers, such as Comcast, are providing these services in the community.
- Has this been attempted before? What was the outcome?
This has not been attempted before by the City of Salem.
- Is there an activity which must be concluded before this can be considered successful?
No.
- Is there an impact on our business practice? Are there barriers internally to success?
Not for the research and analysis phase of this proposed project.