Fiber Optic Service Delivery Plan

The City of Commerce is in a unique position to offer internet as an additional utility service. Our goal is to provide an alternative to internet services that can help to attract businesses, lower prices, and increase service within a designated service area. The City would target only the small business, commercial, and industrial market for the foreseeable future. We can provide an independent internet connection separate from the local provider and we are working on partnerships with other entities to further expand services into the area. The initial phase does require the most upfront investment and an estimate of $70,000 for the major components to provide service is outlined below. It is proposed that this funding be taken from the electric fund which will be recouped over the next few years.

1. Field Equipment
   a. The City would need to purchase specialty equipment in order to deliver internet services without having to rely on contractors. The main pieces of equipment would be a splicing trailer, a splicing machine, and tester to run and repair services. Estimated costs of $40,000 to $45,000.

2. Network Equipment
   a. The City would need to purchase additional network equipment to accommodate fiber expansion, separate traffic, and provide security. Estimated cost is $15,000.

3. Legal Fees
   a. This would be a new venture for us and we want to ensure we are doing things correctly in accordance to the law. A legal firm that specializes in telecommunications has been contacted and we estimate that an initial cost of $10,000 will be needed for contract development and compliance with all local, state, and federal laws and procedures.

These numbers are preliminary but give a foundation to work from. By focusing on servicing businesses only we will not need the extensive technical knowledge or customer service because we will only be supplying the fiber and connection. By monitoring through equipment and utilizing our partnerships for network operations, we can provide a consistent and responsive service as needed. Going forward we would target a consumer price range of $25.00 / Mbps and have service ranges starting at 10 Mbps. Each customer we serve will take an estimated $1,000 to bring online. Before launching any services we would evaluate the payback time estimating a 5 to 10 year time frame for infrastructure and 2 years or less for any equipment associated with the customer.

Some things that still need to be considered and were not included above are training and additional customer service. If this service expands rapidly we will need to add staff to make sure we can provide a quality service. This will be concluded as soon as our legal and materials are prepared.