



# AGENDA ITEM SUMMARY

## City Council

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### STAFF

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Chad Crager, Broadband Executive Director  
Cyril Vidergar, Legal

### SUBJECT

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**Second Reading of Ordinance No. 073, 2023, Appropriating Unanticipated Revenue from Larimer County and Authorizing Transfers of Appropriations for the Design and Construction of Connexion into Areas Northwest and Northeast of the Harmony Road and Taft Hill Road Intersection and Related Art in Public Places.**

### EXECUTIVE SUMMARY

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This Ordinance, unanimously adopted on First Reading on May 16, 2023, appropriates \$3.58 million from Larimer County and authorizes transfers for the design and construction of Connexion in an area near the Harmony Road and Taft Hill Road intersection. At the June 6, 2023 meeting, Council adopted a Resolution to enter into an Intergovernmental Agreement (IGA) to enable the City and Larimer County to collaborate to provide Connexion broadband communication service within unincorporated Larimer County, including within the City's Growth Management Area. The initial project under the IGA to provide service to this area will establish a cost- and revenue-sharing relationship through which the County will provide \$3.58M to fund the design and construction of the expansion of Connexion service on behalf of the County. Upon appropriation of these funds and completion of this work, approximately 1,000 premises will be connected to Connexion service, and Connexion will thereafter share with the County a portion of the service revenue from these areas, subject to annual appropriation. Subsequent projects will be authorized through similar work orders executed pursuant to the IGA.

### STAFF RECOMMENDATION

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Staff recommends adoption of the Ordinance on Second Reading.

### BACKGROUND / DISCUSSION

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The City and Larimer County held respective statutory (SB 05-152) elections to enable each to build facilities and deliver local broadband communication services. In serving its residents, the County wishes to provide high-quality broadband communication services efficiently and cost-effectively through collaboration with adjacent municipalities. The County and Connexion worked together to prioritize unincorporated areas for initial service extension based on cost for service, adjacency to municipal broadband infrastructure, underserved areas, and low socio-economic status. The areas with the highest initial rankings include over 1,000 premises in the City's Growth Management Area, northwest and northeast of the Harmony and Taft Hill Roads intersection. Because of its ranking, the initial project under the IGA will be for this area and the Work Order (#001) attached to the IGA as Exhibit A contains details related to the project. Subsequent projects to provide service in other areas of unincorporated Larimer

County will be authorized through similar work orders pursuant to the IGA. The Resolution authorizes the City Manager to sign subsequent work orders, within certain parameters.

In furtherance of serving these residents, the County has agreed to fund all design and construction for Connexion to extend and construct broadband communication facilities and service in these areas under Work Order #001, in the amount provided below. These unanticipated revenues need to be appropriated for Connexion to engage in this collaborative project. In appropriating these funds, the City Code requires appropriate transfers to the City's Art in Public Places (APP) program.

Upon completion of construction and delivery of services for this initial project, subject to annual appropriation, Connexion will share with the County 25% of the service revenue from customer accounts in the constructed areas until the County receives an amount equal to its design and construction funding contributions.

In addition, the County and Connexion will continue to collaborate on identifying funding sources for future opportunities to deliver communication services to County residents under the purposes of the IGA.

### **CITY FINANCIAL IMPACTS**

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The following is a summary of the funding anticipated for the scope of work related to the fiber optic network design and installation associated with Work Order #001. Larimer County will provide all funding required for design and construction of this work:

<b>Funds to be Appropriated with this Action</b>	
Larimer Communications Service Funding	\$3,580,000
<b>Total Appropriations with this Action</b>	<b>\$3,580,000</b>

Funds are to be appropriated and expended in the Broadband Fund. Service revenue sharing amounts described in the IGA will be subject to and included in subsequent appropriations and annual budgets brought to Council for review and approval.

### **BOARD / COMMISSION / COMMITTEE RECOMMENDATION**

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Though not through formal presentation, Connexion staff provided the Energy Board on multiple occasions in 2022 and 2023 with details on the regional communication service expansion planning described in the IGA. Staff also answered questions from the Board on these occasions, though did not present the IGA for review by the Board.

### **PUBLIC OUTREACH**

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Larimer County held meetings open to the public in determining priority of the areas funded by this IGA as well as approval of the IGA. Connexion will complete outreach to these neighborhoods for schedule, required property owner permissions, construction impacts, and marketing for available service.

### **ATTACHMENTS**

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1. Ordinance for Consideration