



**FRUITA**  
COLORADO

## AGENDA ITEM COVER SHEET

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**TO:** FRUITA CITY COUNCIL AND MAYOR

**FROM:** SHANNON VASSEN, ASSISTANT TO THE CITY MANAGER

**DATE:** MARCH 1, 2022

**AGENDA TEXT:** RESOLUTION 2022-09 – A RESOLUTION SUPPORTING A GRANT APPLICATION TO THE COLORADO DEPARTMENT OF LOCAL AFFAIRS FOR THE FRUITA MIDDLE-MILE BROADBAND INFRASTRUCTURE PROJECT

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### BACKGROUND

The City of Fruita has been working with a variety of local and regional partners to bring wired fiber Internet service to residences and businesses in Fruita and the Grand Valley. To establish competition and open access for “last-mile” private services providers in the community, a strategic step for the City is to complete a “middle-mile” project. “Middle-Mile” refers to a connection that allows data to be transferred from a data center to an Internet service provider or anchor institution, usually through several different jurisdictions. Once a middle-mile project is complete, private internet service providers can use that connection to build fiber to each home and business in Fruita and provide speeds that are currently not available. In the 2022 Municipal Budget, the Fruita City Council approved funding to complete a middle-mile project in Fruita, with the assumption that the City would receive grant funding from the state’s broadband program and utilize eligible and available American Rescue Plan (ARPA) funding for the City’s 50-percent match. Region 10 is funded by the State of Colorado to assist communities on the Western Slope in planning, building, maintaining, and managing middle-mile services. Staff has been working closely with Region 10 to prepare a grant and identify next steps.

Staff is finalizing a grant application to the Colorado Department of Local Affairs (“DOLA”) for this project due March 1, 2022. The project includes utilizing conduit along I-70 that has been ran by the Colorado Department of Transportation, creating a lateral connection to that line, running fiber through that conduit and the newly built lateral, and constructing a Carrier Neutral Location (“CNL”) at a City facility. The CNL will allow the City of Fruita and private companies an access point to gigabyte Internet service in Fruita, and will be open access and available to multiple providers.

In the 2022 Budget, there is a placeholder of \$200,000 available for this project, split between the City ARPA funds and a DOLA grant. After working with Region 10 and a private provider to determine the true cost estimates of the project, it is estimated that the cost will be \$728,100 to fully complete middle-mile construction ready for operation and back-up necessities. The total grant request is for \$370,000, which allows an additional amount for contingency. The cost is explained by three different factors. The first, is the rising cost of building materials, construction, and labor. Second, is \$136,000 for equipment that the City will own and lease back to Region 10 to operate the network and access points, which originally was expected to be part of a secondary grant Region 10 is seeking from the state for their

work with multiple communities that is now needed to be part of each individual community's grant requests and grant program. Originally, Region 10 was going to include the equipment costs into an Economic Development Grant application, but the state preferred that the equipment be funded through the DOLA Broadband program. Finally, the proposed lateral line and connection is much longer than anticipated to better prepare for build-out of last mile services to residences and businesses for the long-term. The lateral connection will be made toward the I-70 overpass, and then run east to the City Shops facility. This will allow for additional access points and less construction disruptions in the future.

## **FISCAL IMPACT**

It is anticipated that the City will use a portion of its federal appropriation from ARPA to fund the City's required 50 percent matching contribution for this project. One of the allowable categories of ARPA funding is to make necessary investments in water, sewer, and broadband. If this grant is funded, the City's portion is estimated to be \$370,000. Ongoing costs will include utilities for the CNL and potential building maintenance costs.

## **APPLICABILITY TO CITY GOALS AND OBJECTIVES**

The City of Fruita is dedicated to providing core services that help improve the Quality of Place and Economic Health. Provision of high-speed broadband services can play a critical role in enhancing local government operations and community/economic development uses.

## **OPTIONS AVAILABLE TO THE COUNCIL**

- Approve the resolution supporting the grant application to DOLA.
- Disapprove the resolution supporting the grant application to DOLA.
- Advise staff to reevaluate the grant application, project.

## **RECOMMENDATION**

It is the recommendation of staff that the Council by motion:

**ADOPT RESOLUTION 2022-09 SUPPORTING AN APPLICATION TO THE COLORADO DEPARTMENT OF LOCAL AFFAIRS FOR THE FRUITA MIDDLE-MILE BROADBAND INFRASTRUCTURE PROJECT.**