

To: SandyNet Advisory Board  
From: Gregory Brewster  
Date: 1/13/2024  
Subject: Master Plan Update and Staffing Priorities

On December 16, 2024, SandyNet Staff, members of the SandyNet Advisory Board and RISI presented and discussed the SandyNet Master Plan in front of City Council. The plan received overall positive feedback, with no requests for more information at the time of the meeting.

Below are the minutes from the meeting, which were approved on January 6, 2025:

#### SandyNet Master Plan Presentation

The SandyNet Director summarized the staff report and noted the significant changes and accomplishments that have occurred since the adoption of the last SandyNet Master Plan. Goals have either been met or are no longer relevant because of technological changes.

Alex Kelley with Rural Innovative Strategies Inc. (RISI) presented slides, which were included in the agenda packet. Council discussion ensued on the following topics:

- Clarification that the \$550,000 in needed annual revenue accounts for the depreciation of the system as a whole, and does not account for the need to develop a new data center.
- Discussion of the need to separate the roles of IT Director and SandyNet Director to guard against staff burnout; the two roles are currently still combined as a result of rapid growth of the utility
- Discussion of the history of SandyNet rate increases; suggestion that rates have historically been calculated to address short term needs rather than medium and long term needs
- Suggestion that SandyNet is now an essential service for the community
- Suggestion that SandyNet offers the best service at the lowest cost compared to its competitors
- Discussion of the Average Revenue Per User (ARPU) concept; discussion of various options for spreading the needed revenue across different customer groups
- Clarification on whether an additional \$12 in ARPU would pay for all the recommendations in the plan
- Suggestion to separate SandyNet from other items on utility bills
- Suggestion to keep the lowest service tier as affordable as possible and scale the rest of the rates accordingly
- Discussion on the need for a data center; emphasis on the need to understand the true cost and incorporate all needs into the rate structure
- Suggestion that cost savings can be achieved by combining data center and office space
- Explanation of the benefits of the 500 mbps service
- Explanation of the future requirement to offer 'nutritional labels' for broadband to allow customers to compare service
- Discussion of the possibility of eventually selling SandyNet; discussion of past consideration of this possibility and the reasons for not doing so previously

- Discussion of the advantages of keeping SandyNet local and the benefits to Sandy's economy
- Concerns about the cost of network expansion outside city limits, particularly the cost per home to execute new CBX installations; note that these installations would be grant funded; comparisons to situations in which people are required to connect to the City's sewer system at their own expense
- Suggestion for CBX to complete its own master plan for new connections in rural areas, which will create beneficial transparency
- Suggestion for the City to proactively identify locations likely to develop
- Clarification on the reasons Colorado and Gunderson Roads are being connected at this time

Staff has been notified by the City Manager that the Mayor has requested that a map of existing fiber facilities and service areas, including ideal build out locations be created and attached the master plan. Staff has not begun working on that task at the time of writing this report.

Staff has seven items that has begun to work on in preparation for the upcoming fiscal year:

1. Identifying upcoming staffing changes
2. Perform preliminary refinance discussions for building a new facility
3. Complete the ongoing customer equipment replacement project
4. Implement official replacement schedule for physical and electronic assets
5. Identify and implement any package changes before new FY
6. Perform rate increase using items 1,2 and 4 as inputs
7. Resolve top three regulatory compliance issues

Staff believes that it can begin working on these items, while the master plan is pending adoption.