



STAFF REPORT

Meeting Type: City Council Meeting
Meeting Date: 12/16/2024
From: Gregory Brewster
Subject: SandyNet Master Plan Presentation

DECISION TO BE MADE:

None at this time. This is an opportunity to discuss the proposed SandyNet Telecommunications Master Plan and provide any feedback.

PURPOSE / OBJECTIVE:

SandyNet has been operating under an existing master plan, which was adopted in 2009, prior to fiber optic being installed throughout the city. As SandyNet recognizes 10 years of serving fiber-to-the-home (FTTH) to Sandy's city limits, the goals under the existing 2009 master plan have long been executed or have been otherwise rendered obsolete.

At the direction of City Council, Staff hired a consultant to assist in assessing and preparing a master plan for the SandyNet department to help guide the utility for years to come. The result is a comprehensive document that includes the status of the department, a direction for ensuring sustainability, as well as a rate and staffing analysis.

Adoption of a new master plan will provide a forward-looking path for SandyNet for at least the next ten years. Staff has already identified four to five items that it could begin immediately implementing.

BACKGROUND / CONTEXT:

On November 19th, 2001, Sandy City Council adopted an ordinance establishing SandyNet. Since that time SandyNet has provided the community, including businesses with broadband service. Originally using copper telephone lines, DSL was provided through 2009, which largely replaced with a wireless system that blanketed Sandy with Wi-Fi. The existing master plan was adopted in 2009, when wireless service was still expanding, and the fiber footprint consisted of only a handful of buildings in the downtown district.

With the rise of internet-based video streaming from YouTube and Netflix, SandyNet's wireless system experienced more demand than it could serve. In order to meet rising broadband requirements, fiber optic service to each home and business was determined to be a viable solution. In 2014, fiber optic construction started, which passed 100% of homes by the end of 2015. In 2017 the Urban Renewal District was constructed using urban renewal funds to build out fiber to businesses.

To date, SandyNet services 80% of homes within Sandy city limits with fiber. Additionally, fiber is available to 95% of businesses within city limits. With the recent completion of the 2022 SandyNet American Rescue Plan Act Project, apartments and other rental complexes were built out with fiber to close the remaining service gaps within city limits. While some private properties and apartment complexes do not have fiber, any complex that has given SandyNet permission to construct fiber has been built out.

Finally, SandyNet has worked with Clackamas County's Broadband eXchange (CBX) to create a public-public partnership that has helped build out fiber to rural sections of the Sandy community, outside of city limits.

All these milestones and more have been implemented under the active 2009 Telecommunications Master Plan, which contains little to no language regarding most of the goals and projects that have been implemented. While SandyNet recognizes 10 years as being a fiber operator, the department is faced with both challenges and opportunities in its effort to support the Sandy community.

Funding, staffing levels, regulatory changes and future plans and structure are all considerations that the new master plan aims to address. Rural Innovative Strategies Inc. (RISI) was awarded the project to assess and write SandyNet's new master plan. RISI performed comprehensive interviews with key stakeholders and took an in depth look at SandyNet financial outlook and cost model to create recommendations that help keep SandyNet in line with the community's expectations and make SandyNet a sustainable utility that can be self sufficient for years to come.

KEY CONSIDERATIONS / ANALYSIS:

RISI will be presenting the master plan in detail, however there are a few items that the SandyNet Advisory Board recommended that Staff clarify or mention prior to the presentation.

Under Section 3.2, SandyNet staff have been looking at how the department can move out of its existing facilities. Should the opportunity to build or purchase a new site, Staff believes that there can be cost savings by combining the new building with a redundant data center.

Under Sections 4 and 5, any of the recommendations mentioned in the document are not required to be executed immediately, or in combination with one another. The master plan speaks to actions and recommendations, but largely leaves the implementation strategy to Council to determine. Staff would like to note that in some instances, a phased/staggered implementation may be ideal, and each goal should be assessed outside of the master plan adoption to ensure that a proper and effective implementation plan is in place.

Under Section 7, most regulatory requirements are mandated, and SandyNet has begun resolving the identified/outstanding issues. Items under section 7 are currently identified regulatory requirements, which are subject to change in the future as the regulatory landscape continues to evolve. Therefore, specification about specific item level compliance or noncompliance status is omitted from the report.

Upon adoption, SandyNet will immediately begin restructuring its budget process to include electronics and physical asset replacement schedules. All equations utilizing the old rate model will be updated, for the upcoming 2025-2027 budget cycle.

RECOMMENDATION:

The SandyNet Master Plan was reviewed and endorsed by the SandyNet Advisory Board on November 21st, 2024.

Staff respectfully requests that Council review the master plan, RISI's presentation, and Staff's considerations, and provide feedback on the draft SandyNet Master Plan.

LIST OF ATTACHMENTS / EXHIBITS:

- SandyNet Master Plan
- RISI Presentation Slides