

REPORT OF REGULAR SESSION
CITY OF HIGHLAND
TELECOMMUNICATIONS ADVISORY BOARD (via phone conference)

Monday – April 26, 2021

7:00 pm

ROLL CALL: Members present - Sharon Rusteberg, Jon Boulanger and Chairman George Marron

Additional Attendees - Light and Power Director Dan Cook, Technology & Innovation Director Angela Imming, City Manager Chris Conrad, Minutes Taker Terri Hoffmann

CALL TO ORDER: Meeting was called to order at 7:00pm.

MINUTES:

- A. Minutes of the January 11, 2021 regular session of the Telecommunications Advisory Board were approved.

REPORTS:

- A. List of customer sign-ups, installs and other metrics – A current customer count of 2,609 was reported with 2,446 of those being data subscribers. Voice (phone) customers account for 834 of the total subscribers; 487 are ‘residential’ and 347 ‘commercial’. Commercial ‘voice’ subscriptions have increased, likely due to the recent issues with Frontier. Director Imming plans to create a marketing campaign for voice services in part, to capitalize on this.

At 91% through the current fiscal year revenue is reported as under-budget at 86% and expenses are reported at 92%, only slightly over budget. Monthly revenue has been holding steady at approximately \$230,000 a month with ‘data’ noted as the prime revenue source.

- B. Update on V-TV; construction – The migration to V-TV has begun in earnest since most COVID restrictions have been lifted and inventory of set-top-boxes has significantly decreased. All new customers are on the V-TV platform and existing customers are being ‘converted’ on a volunteer basis or when a service call requires a set top box be replaced. Director Imming noted that the V-TV streaming ‘product’ marks the beginning of ‘the end’ of video service. When the five year contract for the ‘Sacramento circuit’ (needed for V-TV) expires, HCS does not plan to renew it. Referring to the HCS budget presented to Council in March, Director Imming noted that as much as 21% of data revenue has been ‘subsidizing’ the video service. Equipment costs are expected to be reduced in the new budget year which should allow HCS to repay close to \$200,000 to the Light and Power department. Board members had some questions regarding the new tv rates which were addressed by referring to a copy of the budget memo dated March 15, 2021. Discussion on repayment of the bonds followed, and noted was that revenue for ‘data’ is expected to be as much as 1.2 million dollars this year. Director Imming brought forward several ideas for increasing revenue streams which already include co-location/data storage at the HCS headend and the Premview camera system that several Highland businesses currently utilize.

Director Imming reported on a new Union classification for two of the three current HCS technicians, allowing for step-up pay for outdoor fiber work including boring and trenching. This newly negotiated classification will eliminate the need to 'outsource' labor, thereby reducing future construction costs. HCS techs will now 'be' the labor that builds out the fiber to the remaining areas at Prestige, Evergreen and Lakeview subdivisions. The city manager added that the CARES Act will provide funding for government infrastructure including broadband expansion. Additionally, HCS will be responsible for all fiber-related work during construction of the new Public Safety building. Estimated savings in labor costs for this project are \$37,000.00. New equipment including a bucket truck and a boring rig will be budgeted for future fiber work.

- C. Fixed/variable expenses – Director Imming reported the following expenses as 'fixed rate' expenses: Internet content which includes the voice (phone) connection and the transport cost of some IP-based video (tv) programming. Variable costs include voice (phone) subscribers and actual video (tv) content, also subscriber based. The outdoor network terminals (ONTs) required to bring any HCS service to the premise can be utilized for one or more services, thereby effectively distributing that fixed cost across all services. With different ONT options available, HCS uses care in deploying the most cost-effective unit for each individual premise.

ADJOURNMENT: The meeting adjourned at 7:40pm.