

**CITY COUNCIL WORK SESSION**  
Tuesday, January 21, 2020 6:00 p.m.  
Community Recreation Center  
10640 N Clubhouse Drive, Cedar Hills, Utah

Present: Jenney Rees, Mayor, Presiding  
Councilmembers: Denise Andersen, Ben Ellsworth, Mike Geddes, Brian Miller  
Absent/Excused: Kelly Smith  
Chandler Goodwin, City Manager (6:30 p.m.)  
Charl Louw, Finance Director  
Greg Gordon, Recreation Director  
Jeff Maag, Public Works Director  
Hyrum Bosserman, City Attorney  
Colleen Mulvey, City Recorder  
Others: Laurie Harvey, Utopia CFO

This work session meeting of the City Council of the City of Cedar Hills, having been properly noticed, was called to order at 6:05 p.m. by Mayor Rees.

Utopia Fiber Presentation

Roger Timmerman, Utopia Fiber Executive Director gave history of his previous work experience. The purpose of the presentation was for him to update the City on an opportunity they offered.

Mr. Timmerman started the update with an overview of the history of Utopia. It was created in 2002 and did not move forward with the project until 2004. There were two categories of original cities, and Cedar Hills was a founding member. Cedar Hills was a “Founding/Non-Pledging Member” of Utopia. He encouraged the Councilmembers to speak with Councilmembers of other cities who had pledged. Utopia hit a financial rough patch in previous years but had since turned this around dramatically. Their new model was working well. The company was now in a position to approach Founding/Non-Pledging Member cities with new data to ask for financial support through City partnerships.

Idaho Falls, Morgan City, and West Point were example cities where Utopia tested out and they later decided to pledge and continue their work. In 2009, Utopia created a Utah Infrastructure Agency (UIA), and in many ways this was seen as Utopia phase two. UIA was a financing arm that did new projects and allowed the City to partner with them in a way that helped them take on projects without obligations. It was a great project, and every City that signed on was financially successful. It did not cost the cities anything to participate in UIA. They had completed over \$170 million in projects, and those cities that participated in those projects were completely self-sustained.

Utopia built open access fiber and they allowed different companies to come in and use their infrastructure. These companies wanted to provide services to the City, but they needed the roads. Mr. Timmerman broke down the relationship between the companies and Utopia. Their system was 10x faster than anywhere else in the state. It was not just about the internet; it was also about

politics, as Utopia was connected to all the major political issues in Utah. They could get wholesale rates, boost jobs, and better overall connectivity throughout the City. He compared Utopia to other current internet servers in the area, and Utopia had the best services and noted that prices changed with the market.

Utopia finances the project, bonds for the project, and pays off the bond with no city debt. The entire project is paid by the voluntary subscription fees of those who choose to sign up for better and lower cost service. The project is financed, designed, built, operated and maintained by UIA.

With the Utopia fiber project, the City would not be an “island;” they would have connection to other cities. He gave a breakdown of the pricing structure. One household was a \$65 per month commitment. He went over details about signing up and cancellation fees and noted that prices to operate and maintain had gotten lower over time.

C Andersen asked if service providers also got a month to month contract. Mr. Timmerman said yes; the vast majority signed up just for internet. There were many options for businesses.

Mr. Timmerman said Utopia has conducted City-wide surveys. People were paying \$40-\$60 per month for internet. Almost 50% of the residents were paying more than Utopia’s offer for internet. Many people showed a negative view of their internet service, while Utopia customers showed a positive view. Only those who sign up pay for it. They had legal precedent, and lawyers who backed up their business model; therefore, there was no risk to the City. He further explained the benefits of the City joining Utopia.

Charl Louw asked what the impact would be on infrastructure while installing. Mr. Timmerman said it was all underground construction. They did multi-directional drilling, and Utopia did a good job of restoring grass, rubble, or anything that may have ended up broken during the installation. They worked closely with the City and the sites were inspected. They also return to fix any potential problems, and Utopia would pay for any repairs necessary.

C. Geddes asked in reference to the City’s size how long this project would take to complete. Mr. Timmerman said it would take about one to two years if everything went well. They are contractually obligated to make their services accessible to all properties in the City. C. Geddes asked what would happen if the City of Pleasant Grove did not agree to this. Mr. Timmerman said they would probably build it so that it would connect to Pleasant Grove if they wanted to use it in the future.

Mayor Rees asked if Mr. Timmerman could provide the Council with information on the take rates of existing cities. She was interested in understanding the sections on royalty payments within their Utopia contracts for founding members. Mr. Timmerman said they would need lawyers to really answer that question, but his understanding was that the agreement said that for founding pledging members, no money would go to those cities until all bonds were paid off. The general consensus was that once the bonds were paid off, this would lower their rates versus creating a payment structure back to the cities by providing new services. There was a revenue potential for the founding members.

Mayor Rees said she liked that approach better. There could be cases where founding cities received royalty payments from other cities that did not receive any financial benefits. She was interested in how that impacted this city specifically. Mr. Timmerman that as founding non-pledging city, they had a vote on certain items that were not financial matters, such as buying a building or moving location. The funding questions would actually be addressed by a UIA project manager, even though they were members of Utopia.

Mayor Rees asked what the benefit was of being a non-pledging founding member. Mr. Timmerman said they had a vote and helped direct strategy and new partnerships etc. Mayor Rees said the contract did differentiate between a non-pledging founding member and an added member, so she was curious as to what that meant to the City. Mr. Timmerman said this would be a question for legal review.

Mr. Louw said the City did not have as many houses as others they had connected with. Mr. Timmerman said the continued take rate percentage was still the same, they just made a ratio for the relative amount of homes.

Mayor Rees asked for the Council to send additional questions to Mr. Timmerman. Mr. Timmerman asked if the Council would you want to do a survey. Mayor Rees said yes, they were interested in that.

#### ADJOURNMENT

This meeting was adjourned 7:00 p.m. on a motion by C. Geddes, seconded by C. Andersen, and unanimously approved.

Approved by Council:  
March 3, 2020

/s/ Colleen A. Mulvey, MMC  
City Recorder