

2016 Seattle City Council Green Sheet

Ready for Notebook

| Tab | Action | Option | Version |
|-----|--------|--------|---------|
| 144 | 1      | A      | 1       |

**Budget Action Title:** Add \$5,000,000 GSF appropriations to Finance General Reserves for a Municipal Broadband Pilot Project

Has CIP Amendment: No Has Budget Proviso: Yes

Councilmembers: Harrell; Licata; Sawant

Staff Analyst: Calvin Chow; Ted Virdone

Council Bill or Resolution:

| Date |         | Total | SB | BH | JO | TR | NL | TB | JG | MO | KS |
|------|---------|-------|----|----|----|----|----|----|----|----|----|
|      | Yes     |       |    |    |    |    |    |    |    |    |    |
|      | No      |       |    |    |    |    |    |    |    |    |    |
|      | Abstain |       |    |    |    |    |    |    |    |    |    |
|      | Absent  |       |    |    |    |    |    |    |    |    |    |

Summary of Dollar Effect

See the following pages for detailed technical information

|                                     | 2015 Increase (Decrease) | 2016 Increase (Decrease) |
|-------------------------------------|--------------------------|--------------------------|
| <b>General Subfund</b>              |                          |                          |
| <b>General Subfund Revenues</b>     | \$0                      | \$0                      |
| <b>General Subfund Expenditures</b> | \$0                      | <u>\$5,000,000</u>       |
| <b>Net Balance Effect</b>           | \$0                      | <b>(\$5,000,000)</b>     |
| <b>Total Budget Balance Effect</b>  | \$0                      | <b>(\$5,000,000)</b>     |

**Budget Action description:**

This green sheet adds \$5,000,000 in the Finance General Reserves BCL for the implementation of a Municipal Broadband Pilot Project.

This green sheet imposes the following Proviso:

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“Of the appropriations in the 2016 budget for the Finance General Reserves BCL, \$5,000,000 is appropriated solely for the implementation of a Municipal Broadband Pilot Project and may be spent for no other purpose. Furthermore, none of the money so appropriated may be spent until authorized by future ordinance. Council anticipates that such authority will not be granted until the Executive presents Council with a spending and implementation plan for a Municipal Broadband Pilot Project.”

Background:

In 2015 a study commissioned by DoIT investigated options for building a municipally owned broadband Internet Service Provider in Seattle with Gigabit fiber to the premises service. This study provided pricing models for building a city-wide broadband network and also provided more modestly priced pilot projects in select neighborhoods to practically test the financial feasibility of municipal broadband in Seattle.

The study estimated that each of these three possible pilot projects would cost approximately \$5,000,000 to design and build. This green sheet would add \$5,000,000 in the Finance General Reserves BCL to fund the construction of a Municipal Broadband Pilot. It is Council intention to fund a pilot project in the Beacon Hill neighborhood with this funding.

In developing rates for the service, it is Council’s intention to set rates at a level that would fully recover the cost of operation and maintenance, but would not seek to recoup the capital costs of installation. This rate model would demonstrate the feasible of municipal broadband if it was initially built with outside funding, such as a levy or a progressive tax. A pilot project of this small size could also be used to explore the option of having no rates at all, making municipal broadband a free service. This option would demonstrate the ongoing cost to an outside funding source to maintain this service for all Seattle.

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**Budget Action Transactions**

**Budget Action Title:** Add \$5,000,000 GSF appropriations to Finance General Reserves for a Municipal Broadband Pilot Project

| # | Transaction Description  | Position Title | Number of Positions | FTE | Dept | BCL or Revenue Source | Summit Code | Fund  | Year | Revenue Amount | Expenditure Amount |
|---|--|----------------|---------------------|-----|------|-----------------------|-------------|-------|------|----------------|--------------------|
| 1 | Add \$5 million in Finance General for a Municipal Broadband Pilot project |                |                     |     | FG   | Reserves              | 2QD00       | 00100 | 2016 |                | \$5,000,000        |