



General Manager  
334 Front Street  
Ketchikan, AK 99901

Phone (907) 228-5603  
Fax (907) 225-5075

## TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, General Manager

DATE: June 13, 2019

RE: **Request for Executive Session – Telecommunications Division  
Capital Investment Strategies**

In adopting the 2019 Ketchikan Public Utilities Operating and Capital Budget, the City Council appropriated \$5,310,000 to the Telecommunications Division for growth and modification of its Internet distribution systems and off-island transport networks providing broadband, wireless and IPTV connection feeds to the division's non-regulated customers. Specifically, the utility has been pursuing construction of an undersea fiber cable from Ketchikan to Prince Rupert, BC. Once complete, the undersea fiber cable will increase KPU's capacity to provide data on a long-term basis as customer demand continues to grow.

My office is requesting an executive session with the City Council following the regular course of business at its meeting of June 20, 2019. The purpose of this executive session is to review future telecommunications capital investment strategies with the City Council. As this discussion will pertain to certain competitive aspects of the Ketchikan Public Utilities Telecommunications Division business plan, it would be appropriate for such a discussion to take place in executive session.

A motion has been prepared for City Council consideration.

### **RECOMMENDATION**

It is recommended the City Council adopt the motion declaring that consistent with the General Manager's memorandum dated June 13, 2019, it is in the best interest of the City to discuss strategic competitive aspects of Ketchikan Public Utilities Telecommunications Division's capital investment strategy in executive session in accordance with KMC Section 2.04.025(a)(1), in order to discuss subjects the immediate knowledge of which would clearly have an adverse effect upon the finances of the City.

**Recommended Motion:** I move the City Council declare that consistent with the General Manager's memorandum dated June 13, 2019, it is in the best interest of the City to discuss strategic competitive aspects of Ketchikan Public Utilities Telecommunications Division's capital investment strategy in executive session in accordance with KMC Section 2.04.025(a)(1), in order to discuss subjects the immediate knowledge of which would clearly have an adverse effect upon the finances of the City.

<b>Division:</b> Telecommunications	<b>Project Priority:</b> 20	<b>Project Number:</b>
<b>Project Title:</b> Internet Expansion	<b>Start Date:</b> 01/19 <b>End Date:</b> 12/23	<b>Estimated Project Cost:</b>
<b>Description:</b>  This capital account provides funding for the growth and change of the Internet distribution systems and off-island transport networks providing broadband, wireless, and IPTV connection feeds to the division's non-regulated customers. The 2019 Internet expansion budget represents the second year of a multi-year project to build out the additional transport capacity to support the increasing data demands of retail and wholesale broadband customers.		Design 80,100 Land/Right-of-Way Construction Management Construction 3,204,000 Equipment 2,055,900 Other Project Total 5,340,000

Source of Funds	Prior Years	Adopted 2019			Projected Requirements				Total Project
		Reappropriated	New Funding	Total	2020	2021	2022	2023	
Revenue Generating Fund - Growth Proposed Revenue Bond		300,000	5,010,000	300,000 5,010,000		10,000	10,000	10,000	330,000 5,010,000
<b>Total</b>		300,000	5,010,000	5,310,000		10,000	10,000	10,000	5,340,000