



City of Tacoma, Washington, and Tacoma Public Utilities

**Request for Information and Qualifications
for
Partnership Arrangements for Tacoma Power's Click! Network**

March 23, 2018

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I. Introduction

The City of Tacoma, Washington (City), and its Tacoma Public Utilities (TPU) department issue this Request for Information and Qualifications (RFI/Q) to convey interest in partnering with a public or private partner(s) (Provider) to enhance the operation, sales, marketing, and delivery of broadband data and other services to the community using the City's Click! network.

Click! is a 750 MHz hybrid fiber-coaxial (HFC) network that includes approximately 400 miles of fiber optic cable and 1,454 miles of coaxial cable. The network passes 115,172 homes and businesses in Tacoma Power's service area, including Tacoma, University Place, Fircrest, Pierce County, Lakewood, and Fife. TPU built Click! in the late 1990s and has used the network to ensure Tacoma-area homes and businesses have access to competitive high-speed data and cable television services. Currently TPU offers its own cable television service, and serves as a wholesale provider to internet service providers (ISP) that offer broadband data services for residential and business customers, as well as Metro Ethernet circuits.

Tacoma Power initially used the HFC network to support a smart electric metering program. However, TPU is now in the process of transitioning to wireless smart meters that do not rely on the HFC network. While TPU continues to use a portion of the fiber backbone to provide interconnectivity, advanced control, and power management between electrical substations, much of the telecommunications system and equipment is no longer needed for power purposes.

As a result, the City seeks a collaborative partnership arrangement (Partnership Arrangement) with another entity that will reduce the City's costs while still providing the robust competitive environment that the Click! network has successfully delivered over the past years. The City also seeks to incentivize the continued investment necessary for the network to remain an important community asset for decades to come.

The City has used its ownership of Click! to support a range of public policy goals, including ensuring equitable access, supporting economic development and education, and guaranteeing a competitive marketplace for cable and data services. The City seeks to secure these goals for the future by entering into a partnership with a public or private Provider; the collaborative arrangement should reduce the City's operational burden and maximize the benefit of the network for the Tacoma community.

The City seeks a Provider interested in expanding the existing customer base, advancing broadband connectivity services to residents and businesses in the community, upgrading the network as required, providing operational support, and supporting the 12 critical community policy goals defined in Section II. The Partnership Arrangement could be a lease of the HFC network assets described herein, a management contract pursuant to which the Provider

operates such assets, a partnership of another form with respect to such assets, or any other contractual arrangement that satisfies the City's objectives.

Responses to this RFI/Q should state how the respondent's approach will result in a financially sustainable business model that furthers the City's goal of ensuring that businesses and residents in the community can continue to access affordable, market-leading broadband services and how the 12 policy goals described in Section II will be furthered. The successful respondent will be able to articulate a business plan that can scale to provide higher-speed services as demand for bandwidth increases.

The City seeks input regarding the terms and conditions under which potential Providers would participate in such a project. Respondents may work together to respond to this RFI/Q. The City is open to creative solutions that will provide reliable, high-quality services to meet the community's needs and provide a revenue stream for the City.

We welcome responses from all prospective Providers, including: incumbent service providers, existing ISP partners, competitive providers, nonprofit organizations, cooperatives, public entities, and entities that are not traditional connectivity providers but are interested in offering service under innovative business models. Respondents may reply as part of a contractual or investment arrangement with another entity, or may provide separate responses that describe their approaches.

Extensive additional information about Click! is included in the Attachments to this RFI/Q.

II. The City's Objectives

The City Council and Public Utility Board recently passed resolutions that confirmed 12 community policy goals for the Click! network.¹ These goals will guide the City as it determines how to maximize the benefit of TPU's Click! networking assets.

The Click! network's 12 community policy goals are as follows:

1. **Continuing public ownership** of the telecommunications assets
2. **Ensuring equitable access** regardless of geographic location, socioeconomic status, or technology used to access online content
3. **Creating low-income affordable access** to telecommunications services

¹ The full text of Resolution No. 39930 is available here:
<http://cms.cityoftacoma.org/cityclerk/Files/CityCouncil/RecentLegislation/2018/RL20180130.pdf>

4. **Enforcing net neutrality** principles for all customers²
5. **Allowing open access** to telecommunications assets by other telecommunications providers, to the extent such access benefits customers
6. **Preserving competition** among telecommunications providers that benefits customers (such as high-quality, technologically up-to-date, and reasonably priced telecommunications services), including restricting transfer of ownership or operations that reduce competition
7. **Safeguarding municipal use** of telecommunications services by Tacoma Power, the City, and other local governments
8. **Maintaining financial stability** of the telecommunications business operations utilizing the Click! assets
9. **Promoting economic development** and educational opportunities
10. **Providing job options and security for Click! staff** and protecting the intellectual capital of the system
11. **Protecting customer privacy**³
12. **Preserving Click!'s goodwill**, including its market-leading customer service

Successful responses to this RFI/Q will articulate how the proposed arrangement aligns with these policy goals.

² The City seeks a Provider who will commit to the following: (1) Transparency: Customers must be fully informed about their services, including technical characteristics and network management practices, so they can make informed choices; (2) Free flow of information over the internet: Users should have access to internet content, applications, and services without intentional degradation or failure to invest in adequate broadband capacity to accommodate reasonable traffic growth; (3) No blocking of lawful websites: Users should have access to all lawful websites, resources, applications, and internet-based services; (4) No discrimination against lawful network traffic: All lawful traffic, including encrypted traffic, shall receive similar treatment, content or service providers will not receive preferential treatment based on affiliation, the identity of the user, the content of the information, provider of content or the type of service being provided; and (5) No paid prioritization: The Provider may not offer prioritized transmission of certain content, applications, content providers, and service providers over other internet traffic sharing the same network facilities.

³ The City Council has passed a separate resolution on privacy that prohibits ISPs that use the Click! network from collecting or selling personal information from a customer without express written approval. The resolution requests that this prohibition be included as a condition of a network lease or sale. The full text of Resolution No. 39702 is available here:

<http://cms.cityoftacoma.org/cityclerk/Files/CityCouncil/RecentLegislation/2017/RL20170418.pdf>

The City will consider various business models, which could include, but are not limited to, the following scenarios:

- Provider provisioning of services over the network infrastructure that is owned by the City but operated and maintained by the Provider
- Provider provisioning of services over the network infrastructure that is owned, operated, and maintained by the City
- Provider provisioning and operation of open-access infrastructure that allows other qualified providers to offer service over the network
- Provider provisioning of services over the network infrastructure that is leased by, operated, and maintained by the Provider

The City will also consider any combination of these models, as well as alternative suggestions proposed by respondents. All proposed business models should take into consideration the substantial network investment the City has already deployed in the community.

The City is not considering selling its network or the associated assets.

III. TPU Service Area Background

Located 30 miles south of Seattle and 30 miles north of Olympia, Tacoma is the Pierce County seat. Situated on the Puget Sound, with convenient access to both the Olympics and Cascades, the Tacoma region boasts the same incredible quality of life as Seattle at a far more affordable price. Tacoma's cost of living is 36 percent lower than Seattle's.⁴ In the past seven years, Tacoma's population has grown by 6.5 percent.⁵

Thanks to revitalization efforts beginning in the early '90s, downtown Tacoma is now thriving, and the Click! network has played an important role in the area's renewal. Click! created a competitive market for commercial-grade data transport services, which has been instrumental in attracting and retaining companies with advanced networking needs. Tacoma has nine higher education institutions, numerous museums, a deep-water port, and a major military base.

TPU's service area extends well beyond the Tacoma City limits, and while the Click! network does not pass every location that receives electricity from Tacoma Power, the network passes between 40 and 60 percent of TPU customers in unincorporated Pierce County, University Place, Lakewood, Fircrest, and Fife. A more detailed description of passing characteristics is available in

⁴ Data summary provided by bestplaces.net based on most recently available census data.

⁵<https://tacomaweekly.com/news/tacomas-population-is-ballooning-fast-historically-prospectors-flocked-to-tacoma-for-gold-now-its-for-cheaper-real-estate/>

Section IV. As a whole, Pierce County had the highest net domestic migration of any county in the United States in 2016.⁶ The median price of a single-family home or condominium in Pierce County is \$320,000, or 54 percent of the median price of a single-family home in neighboring King County,⁷ where Seattle is located. Thanks to its strong economy, the region is expected to steadily continue to grow in the next decade.

IV. The Click! Network

The Click! network consists of 400 miles of fiber optic cable and 1,454 miles of coaxial cable. The 1,854 total miles of outside plant (OSP) infrastructure consists of approximately 1,483 miles (80 percent) of aerial plant and 371 miles (20 percent) of underground cable plant.

The network passes 115,172 homes and businesses in TPU's service area. These passings consist of 83,790 in the City of Tacoma, 11,594 in unincorporated Pierce County, 9,587 in University Place, 5,428 in Lakewood, 2,424 in Fircrest, and 2,349 in Fife.

Network Overview

The network consists of a two-way HFC plant. Currently, 90 percent of the network has 750 MHz of bandwidth, 9 percent of the network has 860 MHz of bandwidth, and 1 percent has 1 GHz of bandwidth. The system was upgraded to DOCSIS 3.0 in 2012 and became entirely digital in 2015. The network has one cable TV headend, two aggregation hub sites, and four video hub sites. There are 150 fiber nodes, with an average home-per-node density of 1,200. Each node can be split four ways.

Click! has been allocated 12 fiber strands in TPU's 180-count network backbone. It currently uses eight strands for the HFC backbone and four strands for commercial broadband services.

The network is fully redundant, with two 20 Gbps IP circuits with diverse paths to the internet. The network operations center (NOC) is on TPU property, at 3628 South 35th Street.

A list of network components and electronics is provided in Attachment C.

Click! Services

Click! provides its own retail cable television service to customers, and wholesales data connectivity to private retail ISPs to provide cable modem internet service, as well as commercial broadband services.

At the end of 2017, Click! had 15,455 residential cable customers and 555 commercial cable customers. (See Attachment E for more details.) Click! offers access to 220 channels, 129 high-

⁶ <https://www.seattletimes.com/seattle-news/data/new-residents-pour-in-pierce-snohomish-counties-top-the-nation/>

⁷ http://www.northwestmls.com/library/content/statistics/PRTables_Feb18.pdf

definition (HD) channels, and 11,000 hours of on-demand content. Click! also offers a multi-room DVR system, as well as TV Everywhere, allowing customers to watch TV from any device.

At the end of 2017, Click! had 21,303 wholesale residential internet subscribers and 1,310 wholesale commercial internet subscribers. Rainer Connect and Advanced Stream are the two companies that currently provide retail cable modem internet service over Click!'s open access network. They provide speeds ranging from 6 Mbps to 100 Mbps downstream, and from 1 Mbps to 10 Mbps upstream with prices ranging from \$31.95 per month to \$149.95 per month. These companies are on a month-to-month contract with Click!.

Rainer Connect, Optic Fusion, Zayo, Level 3, CenturyLink, Noel, and Wave have entered into agreements with Click! to provide a range of business services over the Metro Ethernet Forum (MEF) 2.0 certified network, including Ethernet Private Line, Ethernet Virtual Private Line, Ethernet Local Area Network, Voice, Colocation, Dark Fiber, Virtual Cross Connect, Cellular Backhaul, and Wavelength. A map of existing lit buildings is [located online](#). These retail business service providers typically have a five-year contract with Click! with an automatic one-year extension. Any Provider that is selected through this process to partner with the City will be obligated to honor Click!'s contracts with these companies until their expiration.

As a wholesale internet provider, Click! staff maintains, repairs, monitors, and upgrades the network as needed. The staff members install data service drops, provision cable modems, and provide marketing support. Click! charges its ISP partners 60 percent of the retail price as the wholesale rate.

Current rate cards are included in Attachment A; a rate history is included in Attachment B.

Market Overview

While the Click! network offers service in Tacoma, Fircrest, University Place, Pierce County, Lakewood, and Fife, it does not pass every location that TPU's electric network passes. Click! passes roughly two-thirds of homes in TPU's electric service area. While Click! service is available to 90 percent of TPU electric customers in the City of Tacoma itself, it is only available to 59 percent of TPU customers in Fircrest, 55 percent of TPU customers in University Place, 58 percent of TPU customers in unincorporated Pierce County, 53 percent of TPU customers in Lakewood, and 42 percent of TPU customers in Fife. Approximately 24,500 homes passed (21.5 percent) subscribe to at least one service from Click! or its retail ISP partners.

The City and TPU seek to ensure that the network can be expanded to more of TPU's electric service territory through the collaboration contemplated here.

Click! competes with Comcast, DirecTV, and DISH Network for cable TV subscribers. As of May 2015, Click! had a 13 percent share of the video market.

Click!'s retail ISP partners compete with Comcast and CenturyLink. As of May 2015, Click!'s retail ISP partners had a combined 15 percent share of the internet market.

Operations and Staffing

Click! is an operating section of Tacoma Power, the electrical division of TPU. It has 92 budgeted full-time employees. An organizational chart is included in Attachment D.

Financial Summary

In 2017, the Click! network's total operating revenue was approximately \$2.2 million; of that, 67 percent came from cable television customers, 28 percent came from retail ISP partners providing broadband, 4 percent came from partner ISPs providing Ethernet and SONET services, and 1 percent came from interdepartmental sources. In the same year, Click! spent about \$1.8 million on administration and sales expenses and about \$900,000 on operations and maintenance expenses. Total expenses in 2017 came to \$2.7 million, for a net loss of just more than \$500,000.

An operational summary containing a breakdown of revenue and expenses for FY2016 and FY2017 is included in Attachment F. A detailed financial statement for FY2017 is included in Attachment G.

V. The Evaluation Process

The City will use a variety of mechanisms to evaluate responses, and will review submissions based on:

- Respondents' expertise, experience, and technical and financial qualifications, per the instructions in Section VI
- How well the proposed business arrangement furthers the City's 12 community policy goals, as detailed in Section II
- How the proposed arrangement brings value and the benefits of next-generation broadband to the Tacoma community
- How the proposed business model provides a predictable revenue stream to TPU
- The potential of the proposed business model to enable expansion to areas of TPU's electric service territory that Click! does not yet reach
- Additional factors that may be determined in the course of this RFI/Q process

The City may provide more detailed information regarding available assets to one or more respondents, and ask those respondents to refine their responses.

Following its evaluation of responses, the City may begin negotiations with one or more preferred RFI/Q respondent(s), issue a more detailed Request for Proposal (RFP) related to the project, issue an RFP to selected RFI/Q respondents, or choose another direction that is deemed in the community's best interest.

Responding to this RFI/Q is not a guarantee of a contract award. Further, there is no guarantee an RFP will be developed as a result of this RFI/Q. The City reserves the right to withdraw the RFI/Q or any subsequent RFP, or to decline to award a contract.

All materials submitted in response to this RFI/Q, except for proprietary materials, will become the property of the City. Proprietary information in the submittal must be designated clearly and should be bound separately, as an appendix, and labeled with the words "Proprietary Information." Appropriate references to this information must appear in the body of the document. An entire responding document marked "Proprietary Information" may not be accepted. Respondents should be aware that the City is required by law to make its records available for public inspection with certain exceptions. See revised Code of Washington, Chapter 42.17. It is the City's belief that this legal obligation would not require disclosure of proprietary, descriptive literature that contains valuable designs, drawings, or documentation. However, the respondent, by submission of materials marked "proprietary," acknowledges and agrees that the City shall have no obligation or liability to the respondent in the event that the City is required to disclose these materials.

VI. Technical and Transitional Capabilities

The City is willing to consider a variety of business models, which may entail different responsibilities for the City and Provider.

Some respondents may already have the staff and resources necessary to successfully carry out responsibilities in a Provider Arrangement, while others may need to increase staff to meet the proposed obligations, and others may work through contractors.

The Provider should be able to demonstrate its technical capabilities. The Provider should include in its response:

1. The number of years of experience it has as a facilities-based provider, including the number of years operating HFC and fiber-to-the-premises (FTTP) networks.
2. The mileage of OSP currently operated, any previously owned and operated plant, and the type of infrastructure (e.g., HFC, copper, FTTP, middle-mile).
3. The size of the technical team for the transition phase, and a breakdown of experience level by member—including:

- 3.1. Network engineers that will be dedicated to monitoring the network's health;
 - 3.2. Staff that will be dedicated to OSP responsibilities;
 - 3.3. Staff that will be dedicated to customer service responsibilities; and
 - 3.4. Staff that will be dedicated to network operations center (NOC) responsibilities.
4. An overview of staff that will be assigned in Tacoma—including:
 - 4.1. Staff that will be permanently assigned;
 - 4.2. Staff that will be temporary;
 - 4.3. Staff that will be full-time employees of the Provider;
 - 4.4. Staff that will be part-time employees of the Provider; and
 - 4.5. Staff that will be contractors to the Provider.
5. A description of formal relationships, such as distribution and resale, with manufacturers of network equipment, fiber plant materials, and software.
6. The supporting NOC's location, capabilities, and functions.
7. A description of software and other programs the Provider will use to manage network expansion and maintenance (e.g., geographic information systems (GIS) software, network monitoring software, etc.).
8. A detailed explanation of how the proposed technical approach meets the City's functional and policy objectives. At a minimum, this should:
 - 8.1. Explain how the Provider will manage the network infrastructure to ensure that capacity, security, and reliability requirements can be met in the short and long terms.
 - 8.2. Explain how the approach allows for expansion or shifts in priorities as the project unfolds.
 - 8.3. Describe a transition management plan that shows the Provider can identify key areas of risk to the project timeline and transition success, including a discussion on how to migrate to DOCSIS 3.1 and/or FTTP.
9. A quality control plan that demonstrates a commitment to quality, including any staff members that are accredited in some form of quality control, and any dedicated staff or

departments for quality control and training. The plan should describe how the Provider will analyze errors and accidents, and perform root-cause analysis. It should also outline how and when the Provider will take corrective action.

Respondents should make a significant effort to provide a response for all items in this section, and should clearly describe any exception taken or areas in which it is not equipped to provide a response at this time. (See Section IX for more details on the response format.)

VII. Operational Capabilities

The Provider should be able to clearly explain its long-term operational plans. The Provider should include in its response:

1. A description of where and when the Provider has successfully maintained HFC- or FTTP-based retail and wholesale operations, as well as dark fiber operations, in other markets. In the absence of a demonstrated track record, the Provider should include a detailed outline of why it believes it can be successful, and its contingency plans in the event it cannot achieve the City's goals.
2. A description of where and when the Provider has entered into other partnerships comparable to that it is proposing here, and a description of how that experience compares to and informs this situation.
3. Examples of take rates the Provider has obtained in other markets, and how long it has operated in those markets to achieve that take rate.
4. A description of the marketing plans and tools the Provider intends to use to expand the customer base.
5. A description of the ongoing marketing tools and platforms the Provider will use to continue to reach the community.
6. A description of the Provider's long-term operations team, including the size of the team and a breakdown of the team members' experience levels. If the Provider will not directly employ network, OSP, and other staff, it should articulate how it will monitor the network, manage outages, and effect timely repairs. Please address staff including:
 - 6.1. Network engineers that will be dedicated to monitoring the network's health.
 - 6.2. Staff that will be dedicated to OSP responsibilities.
 - 6.3. Staff that will be dedicated to customer service responsibilities.
 - 6.4. Staff that will be dedicated to NOC responsibilities.

6.5. Staff that will be dedicated to sales and marketing.

7. A description of the Provider’s long-term plan for fiber locating and splicing, including whether these responsibilities will be maintained in-house or contracted. If contracted, please include the names and qualifications of the firm(s) that will be engaged for this.
8. A description of existing or newly established relationships the Provider may have within the community, relationships it envisions, and how it will cultivate and maintain those. The Provider should take this opportunity to demonstrate that it will invest in the community and that it plans to maintain a long-term presence.
9. Details on the location and capability of the customer call center for all customers, ranging from retail to dark fiber (where applicable). The Provider should be able to demonstrate that it can meet all customers’ needs in a timely, complete, and satisfactory manner.
10. An account of the Provider’s intention to hire permanent local marketing, sales, billing support, customer support, technical support, and other staff—or justification for choosing not to do so.
11. An overview of sales objectives during the transition (year one), then sales objectives in years two through six. The Provider should be able to show that it has intentions of maintaining a strong presence in the community over the coming years.
12. The means by which the Provider intends to achieve the take rates necessary for the Provider Arrangement to be successful, including:
 - 12.1. How the Provider will address subscriber churn.
 - 12.2. How the Provider will address the shifting demand and need for cable television.

Respondents should make a significant effort to provide a response for all items in this section, and should clearly describe any exception taken or areas in which it is not equipped to provide a response at this time. (See Section IX for more details on the response format.)

VIII. Financial Responsibilities and Payments

The purpose of this section is to garner a more complete understanding of the respondent’s plan for the Click! network Partnership Arrangement. Please include answers to the questions below in the RFI/Q response.

1. What payments do you propose to make directly to the City?
 - a. Please summarize the type, structure, and duration of proposed payments.

b. Please indicate the basis for the proposed payments (indicate all that apply):

- Per-passing
- Per-subscriber (total)
- Per-broadband subscriber
- Per-video subscriber
- Per-telephone subscriber
- Fixed payment for network lease
- Fixed payment for existing customer base
- Share of net revenues
- Share of gross revenues
- Other (please list)

c. Please indicate the base amount (including units) for each of the proposed payments (indicate all that apply):

- Per-passing: _____
- Per-subscriber (total) _____
- Per-broadband subscriber _____
- Per-video subscriber _____
- Per-telephone subscriber _____
- Fixed payment for network lease _____
- Fixed payment for existing customer base _____
- Share of net revenues _____
- Share of gross revenues _____
- Other (please list) _____

d. Will these payments be subject to a consumer price Index (CPI) increase?

2. What time period do you anticipate for the Partnership Arrangement?
3. What, if any, financing requirements do you have of the City to enter a partnership?
4. How do you propose to **finance** any required network expansion, equipment refreshes, and customer expansion?
 - a. How do you propose to secure any new financing? By whom and with what guarantees?
 - b. Do you require any security from the City?

5. How do you propose to **fund** any required network expansion, equipment refreshes, and customer expansion?
6. Will the City be required to make any service payments to you, your partner(s), or a separate entity created for this arrangement?
 - a. If "Yes," will these payments be subject to a CPI increase?
 - b. If "Yes," what are the conditions of payment obligations from the City to you, your partner(s), or your entity?
7. What is the subscriber-pricing model proposed for each service?
8. What is your marketing approach to reach subscriber revenue projections?
9. What would be your sales objectives (in subscribers) in years one, two, and three?
 - a. What take rate do your projections assume? Please provide a total and indicate the breakdown for each service.
 - b. Why do you believe that take rate is attainable? Please provide an explanation.

Respondents should make a significant effort to provide a response for all items in this section, and should clearly describe any exception taken or areas in which it is not equipped to provide a response at this time. (See Section IX for more details on the response format.)

IX. RFI/Q Response Format

The City requests the following information, in as much detail as is practicable. Please adhere to the following response and page requirements. Please provide your electronic response in either Microsoft Word or Adobe PDF format, using the following response structure and numbering:

1. **Cover Letter:** Please include company name, address of corporate headquarters, address of nearest local office, contact name for response, and that person's contact information. Please keep response to two pages.
2. **Business Model Summary:** Summarize the business model you intend to use for the Provider Arrangement. This should be a concise explanation of the key components of your business model, including but not limited to the operations and sales responsibilities and the structure of the proposed relationship with the City. Keep response to six pages.
3. **Affirmation:** Affirm that you are interested in this Provider Arrangement and address the core project goals in Section II above. List each goal and requirement with a brief

statement of how you will comply. Please indicate any requirements to which you take exception, and provide an explanation of the exceptions. Keep response to three pages.

4. **Structure, Financial Qualifications, and Experience:** Please describe your corporate structure, ownership, financial qualifications, and sources of capital. Please feel free to include any information about your organizational structure, management team, and financial capabilities that you believe is relevant to the City's evaluation. Keep response to six pages.
5. **Technical and Transitional Capabilities:** Using the guidelines in Section VI, describe your technical capabilities and how they will make your firm an attractive Provider for this project. Keep response to four pages.
6. **Operational Capabilities:** Using the guidelines in Section VII, describe your operational capabilities and how they will make your firm an attractive Provider for this project. Keep response to four pages.
7. **Sales and Marketing:** Summarize your proposed sales and marketing plan. Keep response to three pages.
8. **Business Structure:** Summarize the business approach you would use for the project. How would your business plan help meet the City's goals? What are the key assumptions? What are your main areas of risk, and how can the City help reduce the risks? What are the City's main areas of risk, and how will you reduce the risk to the City? Keep response to three pages.
9. **Schedule:** Describe your proposed plan and schedule for the transition. Offer a timeline with key milestones. Keep response to five pages.
10. **Maintenance:** Describe your ability to perform electronics and infrastructure maintenance on an ongoing and as-needed basis. Keep response to one page.
11. **Financing, Funding, and Payments:** Using the guidelines in Section VIII, describe the financial elements of your proposal and the associated timeline. Keep response to eight pages. Please also provide:
 - A one-page flow chart that shows the flow of funds between all parties in your response. Include all sources and uses of funds.
 - A summary of all payments to be made by the Provider to the City (i.e., when they will be made and the payment amount). Include the basis for the payment (e.g.,

per passing, per subscriber, revenue share, other), what payments are guaranteed, and what payments are based on the Provider's performance.

12. **Services:** Describe the service options you plan to offer over the Click! network (for example: data only; voice and data; a combination of voice, data, and cable television; etc.). What download/upload or symmetrical speeds would you offer and guarantee to end users? How will your residential and business offerings differ? What types of service-level agreements (for lit services: availability and packet delivery; for dark fiber: repair time) would you be prepared to offer? Keep response to two pages.
13. **Pricing:** Describe your approach to pricing the proposed services. Keep response to four pages.
14. **Equitable Access:** Provide a statement about your continued investment strategy. Please describe how your approach will secure the benefits of competitive broadband for the locations in TPU's electric service area that cannot yet access Click! as well as how it will foster geographically, economically, and technologically equitable access to next-generation data services. Keep response to three pages.
15. **Affordable Access:** Describe how you intend to serve those individuals in our community for whom price may be a barrier to home broadband subscriptions. Please indicate whether you plan to provide discounted service, flexible payment options, or other strategies to help qualifying low-income households afford to access the internet. Please describe what, if any, role you see for the City in this effort. Keep response to three pages.
16. **Net Neutrality:** If you currently provide internet services, please indicate whether they comply with net-neutrality objectives and parameters.⁸ Describe your commitment to preserving net-neutrality on the Click! assets. Keep response to three pages.
17. **Fostering Competition/Open Access:** Please describe your proposal for ensuring the benefits of competition in Tacoma. Indicate whether you will continue operating Click! as

⁸ The City seeks a Provider that will commit to the following: (1) Transparency: Customers must be fully informed about their services, including technical characteristics and network management practices, so they can make informed choices; (2) Free flow of information over the internet: Users should have access to internet content, applications, and services without intentional degradation or failure to invest in adequate broadband capacity to accommodate reasonable traffic growth; (3) No blocking of lawful websites: Users should have access to all lawful web sites, resources, applications, and internet-based services; (4) No discrimination against lawful network traffic: All lawful traffic, including encrypted traffic, shall receive similar treatment, content or service providers will not receive preferential treatment based on affiliation, the identity of the user, the content of the information, provider of content, or the type of service being provided; and (5) No paid prioritization: the Provider may not offer prioritized transmission of certain content, applications, content providers and service providers over other internet traffic sharing the same network facilities.

an open access network that other ISPs can use to offer data service to customers. Keep response to one page.

18. **Privacy:** Please describe your commitment to securing consumer privacy.⁹ Keep response to three pages.
19. **Local Participation and Economic Development:** Please provide a statement of how your proposed participation would help the City and the region's economic development goals. Describe your interests and plans to hire local staff/existing Click! staff and how your participation would help local job creation. Describe your relationships with local businesses in the region, if any, as well as your interest and plans to engage them in this project. Keep response to three pages.
20. **References:** Provide a minimum of three references, including contact information, from previous contractual relationships. Keep response to two pages.
21. **Responsibility Matrix:** Following the responses above, please complete and attach your responses to Appendix A.

X. Response Process

All correspondence regarding this RFI/Q should be directed to Jeff Lueders (jlueders@ci.tacoma.wa.us). The City cannot guarantee that any correspondence directed elsewhere will be received or considered.

Letter of Intent

All interested respondents are asked to submit a letter of intent (LOI) via email by 4:00 PM Pacific Daylight Time (PDT) on March 30, 2018, to Jeff Lueders (jlueders@ci.tacoma.wa.us).

⁹ The City Council has passed a resolution on privacy that prohibits ISPs that use the Click! network from collecting or selling personal information from a customer without express written approval. The resolution requests that this prohibition will be included as a condition of a network lease or sale. Full text of Resolution No. 39702 available here: <http://cms.cityoftacoma.org/cityclerk/Files/CityCouncil/RecentLegislation/2017/RL20170418.pdf>. The City encourages respondents to fully describe their own approaches to privacy, including commitments to any of the following: (1) Will obtain opt-in consent prior to collecting, using, disclosing, or permitting access to customer personal information or information about a customer's use of the network; (2) Will give customers a persistently available, automated mechanism in the languages in which it advertises service, for opting out of any use of their data, including to advertising any of the ISP's own service; (3) Will delete all stored personal information within a fixed period from the moment of initial collection; (4) Will not use, sell, or otherwise permit access to any customer's personal information or "de-identified" data, unless that person provides prior opt-in consent; (5) Will not refuse to serve or limit services to any customer who chooses not to give prior affirmative consent, or who opts out; (6) Will not offer discounts or benefits in exchange for opting in that would push low income customers to sacrifice their digital privacy; or (7) Will not block, deprioritize, or otherwise encumber their customers' use of encryption technology.

The LOI should include the company name and the name, title, phone number, and email address of the respondent's primary point of contact, and should indicate that the respondent intends to submit a formal response to the RFI/Q. The LOI can be contained in the body of an email, and does not have to be a formal, standalone letter.

Questions

Questions related to this RFI/Q should be emailed to Jeff Lueders (jlueders@ci.tacoma.wa.us) no later than 4:00 PM PDT on March 30, 2018.

Question Responses

We will email a list of questions received and our responses to these questions by 4:00 PM PDT on April 6, 2018, to all respondents that have submitted an LOI.

Response Deadline

Final RFI/Q submissions must be delivered by email AND delivered in person or received by mail no later than 4:00 PM PDT on April 27, 2018.

Respondents must submit one electronic copy of their RFI/Q response to jlueders@ci.tacoma.wa.us and six paper copies of the identical RFI/Q response in a sealed envelope to:

Jeff Lueders
Cable Communications & Franchise Services Manager
Media & Communications Office
City of Tacoma
1224 Martin Luther King Jr. Way
Tacoma, WA 98405

Late responses may not be considered.

Summary of RFI/Q Process Deadlines

The following is the schedule for responding to this RFI/Q. The schedule is subject to change.

- **March 23, 2018** – RFI/Q released
- **March 30, 2018** – Deadline for submitting LOI to respond to RFI/Q
- **March 30, 2018** – Deadline for submitting questions
- **April 6, 2018** – City emails questions/answers to respondents that have submitted an LOI
- **April 27, 2018** – RFI/Q responses due

The City and TPU thank you in advance for your thoughtful response.

XI. Respondent Presentations

At its discretion, the City may request any party that provides a compliant response to this RFI/Q to make an individual and personal presentation to better explain information or solutions identified in the response. These presentations, if requested by the City, shall be held at a time and place of mutual convenience.

Attachments

The attachments to this document provide extensive data regarding Click!. The attachments contain information that is publicly available and not considered confidential. Attachments are provided electronically and are available to download from the City of Tacoma website: <http://bit.ly/clickRFIQ>.

- A. Service and Rate Card**
- B. Rate History**
- C. Equipment List with Projected Replacement Dates**
- D. Organizational Chart**
- E. Customer Counts**
 - 1. Customer Count**
 - 2. Quarterly Customer Counts**
 - 3. Internet Counts**
 - 4. Video Counts**
- F. Revenue Summary**
- G. Financial Statements**

Appendix A: Responsibility Matrix

This completed appendix must be included in all responses to the RFI/Q.

Instructions

1. For each task in the matrix below, please indicate with an "X" which party will have the primary responsibility.
2. Indicate with an "X" any "Exceptions/Clarifications" and attach as a separate sheet. Please keep responses to fewer than 50 words.

Acronyms & Definitions

CPE	Customer Premises Equipment: Generic term for electronics located at the consumer premises.
DIA	Direct Internet Access: Commodity Internet bandwidth purchased by the Internet service provider (ISP), used by consumers to access the Internet
HFC	Hybrid Fiber/Coaxial Network
ISP	Internet Service Provider
NID	Network Interface Device: A junction box typically mounted on the outside of the customer premises, the NID is a non-powered box used to connect the fiber drop cable (cable from the fiber tap to the premises) to the fiber cable extending from the NID to the Optical Network Terminal (ONT) located in the customer premises.
NOC	Network Operations Center
OLT	Optical Line Terminal: Device that serves as the ISP endpoint on a Passive Optical Network (converts electronic signals to optical signals).
ONT	Optical Network Terminal: Media converter used to convert the FTTP optical signal to an ethernet port, coaxial output, or telephone output.
OSP	Outside Plant: Physical cable and infrastructure (fiber cable, conduit, cabinets, poles, etc.) deployed to deliver connectivity services from an operations center to the customer premises.
PILOT	Payment In-Lieu of Taxes
ROW	Right-of-way
SLA	Service Level Agreement
Tier 1 Support	First level customer support, generally a call center with representatives who can perform basic troubleshooting.
Tier 2 Support	Second level support, detailed investigation with expert technicians.
Tier 3 Support	Third level support, service troubleshooting and software support from the engineering team.
USF	Universal Service Fund

Questions / Matrix to Be Completed

Do you propose to act as a retail internet service provider (ISP)? _____

Do you propose to allow multiple retail internet service providers (ISP)? _____

Do you propose to lease the HFC network from the City? _____

Functional Area	Tasks/ Responsibilities	Operational Responsibility				Funding Responsibility			
		City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications	City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications
Debt Service Payments	New debt for customer expansion and network upgrade								
Security for Financing	New debt for customer expansion and network upgrade								
Ownership	HFC network (fiber and coaxial) – existing								
	HFC electronics – existing								
	Customer drop and grounding block – existing								
	Entry from grounding block and in-premises wiring – existing								
	CPE – existing								
	Customer ownership – existing								
	HFC network (fiber and coaxial) – new								
	HFC electronics – new/upgrade								
	Customer drop and grounding block – new								
	Entry from grounding block and in-premises wiring – new								
	CPE – new								

Functional Area	Tasks/ Responsibilities	Operational Responsibility				Funding Responsibility			
		City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications	City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications
	Customer ownership – new								
Insurance	Outside plant – existing								
	Drop and grounding block – existing								
	Network electronics – existing								
	Entry cable, CPE, and in-premises wiring – existing								
	Outside plant – new								
	Drop and grounding block – new								
	Network electronics – new								
	Entry cable, CPE, and in-premises wiring – new								
Replenishment	CPE								
	Subscriber electronics								
	Core electronics								
Taxes	USF and other federal tariffs and fees								
	Sales (state, county, municipal)								
	PILOT								
	Other (list)								
Outside Plant	Pole attachments								
	ROW fees (backbone, middle-mile, and last-mile)								
	ROW fees (drops)								
	Locates								
	Trouble ticket processing								
	HFC maintenance – material								
	HFC maintenance – labor								

Functional Area	Tasks/ Responsibilities	Operational Responsibility				Funding Responsibility			
		City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications	City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications
	Strand management								
	Inventory maintenance								
	Real estate for hub sites and equipment in field								
	Facilities (warehouse, crew, etc.)								
	NOC for OSP (lease)								
	Design								
	Construction oversight								
	Network engineering – fiber and/or coax (last mile)								
	Network engineering – fiber and/or coax (backbone and middle mile)								
	Drop installation (network demarcation to building entry)								
	Maintain inventory (optical and coaxial network elements)								
	Network operations center – facilities								
	Network operations center – staffing 24x7								
Network Operations	Facilities (staff)								
	Facilities (warehouse & staging)								
	Provide DIA								
	Network engineering-electronics (last mile)								
	Network engineering-electronics (backbone and middle mile)								
	In-building wiring								

Functional Area	Tasks/ Responsibilities	Operational Responsibility				Funding Responsibility			
		City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications	City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications
	Customer installation (on-premises)								
	Customer activation and provisioning								
	Maintain inventory (active network elements)								
	Hardware and support maintenance fees (vendor charges)								
	Contract management (retail ISPs)								
	Contract management (customer)								
Customer Service	Billing and invoicing								
	Bad debt (customer)								
	Collections								
	Tier 1 support 24x7 (basic customer issues)								
	Tier 2 support 24x7 (basic technical support)								
	Tier 3 support 24x7 (advanced technical support)								
	Prepare and manage SLAs								
	Branding								
	Marketing								
Sales and Marketing	Sales								
	Customer acquisition and retention								
	Service performance objectives								
	Service catalog								
	Monitor pricing								
	Set pricing (based on contract conditions)								
	Develop and manage customer contracts								

Functional Area	Tasks/ Responsibilities	Operational Responsibility				Funding Responsibility			
		City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications	City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications
	Execute customer contracts								
	Provide subscription records								
	Provide subscriber invoice and payment status (payments)								
Reporting	Provide network status information (for tier 1 support)								
	Provide network status information (for tier 2 support)								
	Provide network status information (for tier 3 support)								
	Provide with network status (uptime, outages, etc.)								
	Provide monthly sales and leads reports								