Item No. 35

To: Mayor and City Council
From: Brian Phillips, Assistant City Manager
Date: August 13, 2019
Subject: Prospective Internet Provider Follow-Up

At the June 25, 2019, City Council meeting, City staff provided a follow-up report regarding internet service in the community. At that meeting, staff reported that a provider had approached the City with interest in providing privately operated fiber-to-the-premises service in Ames. The City Council directed staff to invite this provider to present its plans to the Council at a meeting no later than the end of August.

METRONET:

The provider that has declared its intentions to build a network in Ames is MetroNet. It is a privately held company based in Evansville, Indiana. It primarily serves communities in Indiana and Illinois, but has also expanded to other areas of the Midwest and South. Last fall, MetroNet entered into a tax abatement arrangement to provide service for Davenport and Bettendorf.

It should be noted that at the June 25th meeting, City staff reported that MetroNet's position in May was that it would likely withdraw from serving Ames if the City initiated a feasibility study for its own network. Since May, MetroNet has invested further effort in planning and designing an Ames network. MetroNet has now reported that its plans to enter the Ames market would only be stopped if the City restricted its ability to do business (e.g., restricting access to right-of-way or losing the cooperation of City staff to process its permitting applications).

MetroNet has provided an outline of its presentation for the August 13 City Council meeting, which is attached to this memo.

METRONET REFERENCE CHECKS:

The City Council directed staff to investigate references in regards to how this provider has addressed the Council's areas of interest (speed, availability, reliability, customer service, cost, and net neutrality) in other communities. The Council further

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instructed staff to determine if there were complaints in other communities regarding this provider.

City staff developed a list of nine communities to contact for reference checks, based on the service areas listed on MetroNet's website. MetroNet provided suggested cities to contact, and City staff agreed that two of the suggestions were comparable communities. The remaining seven were selected solely by City staff as having characteristics that would make for a valuable perspective (comparable size, recent build-out experience, college communities, etc.).

The cities contacted were:

Indiana	Illinois
Kokomo	Bloomington
Lafayette	Dekalb
Wabash	Romeoville
West Lafayette	St. Charles
Westfield	

It is important to note that the representatives of each community contacted had different levels of experience with MetroNet, so not all of them were able to speak to all the questions City staff raised. Additionally, in some communities, it appears the City provided incentives to MetroNet in exchange for extending infrastructure to all parts of the community or other performance benchmarks. Therefore, the services provided appears to differ from community to community. In general, the communities indicated that services, pricing, and availability from MetroNet were on par with or better than existing options.

The reference checks indicated that the majority of the communities had issues in some form related to MetroNet's buildout. These included complaints from residents regarding right-of-way restoration, the length of time to bury cables, the neatness of the overhead wires, and striking other utilities during boring.

The reference check information is attached to this memo.

INTEREST FROM IMON COMMUNICATIONS:

City staff was approached by ImOn Communications following the Council meeting in June. ImOn is a provider of fiber-to-the-premises internet, primarily in eastern Iowa. Representatives of the company indicated their interest in coming to Ames to serve customers. Upon further discussion, ImOn representatives did not indicate that they were planning a retail service in Ames, but rather that ImOn would be interested in partnering to maintain and/or provide service to customers if the City was interested

in financing and constructing a fiber network. This is effectively the wholesale model of City-provided internet as described in previous staff reports regarding internet options.

It is important to emphasize that the City would still need to conduct a feasibility study to determine the market, then conduct an RFP process open to <u>all</u> prospective vendors that might be interested in partnering, including ImOn, if the Council wished to pursue this model. The key piece of information brought forth to staff from ImOn is that there is potential interest from at least one private provider to partner if the City was to pursue a wholesale model.

METRONET REFERENCE CHECKS

City: Bloomington, IL

1. **When did MetroNet enter the market?** April 2016

2. **Does MetroNet provide service to the entire community, or are there areas that cannot receive service?** No, they did not build out the Westside of Bloomington (older neighborhood made up of low-income residents). Did build out newer areas. In the older neighborhoods, the poles would have been overloaded and noncompliant. The City provided flexibility for Metronet to add additional poles but neighbors complained about extra poles.

3. **How reliable is the service provided by MetroNet?** As a customer it has been reliable.

4. **Did MetroNet make any promises to the community regarding the availability/quality/etc. of its services, and if so, did it follow through?** Since Metronet is a private, for-profit company, we believed they would do their best to provide reliable service.

5. **Who are the other service providers in the community, and are any of them FTTP?** Comcast and Frontier. Neither is FTTP. Comcast is copper/cable, Frontier is copper/telephone wires – DSL. Comcast and Frontier did increase their speeds and offerings.

6. **Are the services provided by MetroNet competitively priced?** Yes, and they offer triple services.

7. **Are MetroNet's internet speeds sufficient for the needs of residents?** Believe so, haven't heard of any complaints.

8. **What kind of customer support does MetroNet offer (is there a physical office in the community? What kind of hours does it have?)?** Yes, they opened a retail office. The public can view equipment and sign up for services.

9. **Are residents satisfied with MetroNet's policies related to privacy and net neutrality?** Have not heard this issue brought up.

10. **Are business users provided sufficient service from MetroNet?** Haven't heard of any complaints

11. Does your office receive complaints regarding MetroNet (e.g., service, construction)? Yes, the City received complaints from residents--primarily those in affluent neighborhoods-- due to yards being dug up. Metronet assisted by designating a point of contact for the city to handle complaints.

12. Describe what it was like working with MetroNet during the buildout phase. Was the construction disruptive? Did MetroNet restore right-of-way, yards, etc, to an acceptable condition in a timely manner? Yes, the City included in permit that they have to put yards back. Yes, restoration was timely. Metronet contracted with landscaping company to monitor and to come back and fix.

Other

MetroNet was very professional. They hit the ground running. They scouted the area for two years. They contracted with local contractors. Metronet did face some issues with other private utilities in the area with access to poles.

Negotiation of the franchise agreement was smooth. The agreement was reviewed by other providers. Whatever perks the city gave to Metronet, other service providers were entitled to the same.

Comcast and Frontier did increase their speeds and adjust their prices.

City: Dekalb, IL

1. **When did MetroNet enter the market?** May 2018 – Started construction in Aug 2018

2. **Does MetroNet provide service to the entire community, or are there areas that cannot receive service?** Established service in 80% of City.

3. **How reliable is the service provided by MetroNet?** Have received positive feedback from residents.

4. **Did MetroNet make any promises to the community regarding the availability/quality/etc. of its services, and if so, did it follow through?** Yes, in terms of reliability and speed. Have not heard any complaints. Services are as advertised, but Metronet is still fairly new in the area. 90% built out, but don't know the number of subscribers. Not well established as of yet.

5. **Who are the other service providers in the community, and are any of them FTTP?** Comcast and Frontier. Frontier only offers internet and phone service. Neither provides FTTP

6. **Are the services provided by MetroNet competitively priced?** Yes, feedback has been good, better than Comcast.

7. **Are MetroNet's internet speeds sufficient for the needs of residents?** Yes, no complaints

8. **What kind of customer support does MetroNet offer (is there a physical office in the community? What kind of hours does it have?)** Metronet has a retail office in neighboring Sycamore. Hours are 9:00am - 5:00pm M-F

9. **Are residents satisfied with MetroNet's policies related to privacy and net neutrality?** This topic has not come up.

10. **Are business users provided sufficient service from MetroNet?** Yes, Metronet conducted a pilot program with businesses. Feedback was positive.

11. **Does your office receive complaints regarding MetroNet (e.g., service, construction)?** Yes, there were complaints regarding construction, but fewer than what was anticipated. Metronet dug through utility lines and hit gas lines. Some residents were uneducated about how easements work. Problems were addressed quickly by Metronet. Metronet had made promises upfront with residents regarding communication, but communication did not hold up months going forward.

12. **Describe what it was like working with MetroNet during the buildout phase. Was the construction disruptive? Did MetroNet restore right-of-way, yards, etc, to an acceptable condition in a timely manner?** Received complaints over the winter months regarding yards not put back. Very responsive overall, especially construction crews.

Other
Have Metronet stick to their communication plan.

City: Kokomo, IN

1. **When did MetroNet enter the market?** 2017. The buildout is still early in development

2. **Does MetroNet provide service to the entire community, or are there areas that cannot receive service?** Don't know how much of City they have built out. It is still early in development; there was not a lot of discussion on whether to let them in market or not. They bought a City parking lot for base building.

3. **How reliable is the service provided by MetroNet?** Can't speak about reliability or speed.

4. **Did MetroNet make any promises to the community regarding the availability/quality/etc. of its services, and if so, did it follow through?**

5. **Who are the other service providers in the community, and are any of them FTTP?**
    Comcast, AT&T, Indiana Fiber, Zayo

6. **Are the services provided by MetroNet competitively priced?** Not worse than other companies

7. **Are MetroNet's internet speeds sufficient for the needs of residents?** Can't speak to reliability or speed.

8. **What kind of customer support does MetroNet offer (is there a physical office in the community? What kind of hours does it have?)** Not sure; there is not a physical office

9. **Are residents satisfied with MetroNet's policies related to privacy and net neutrality?**
    Never heard residents raising issues.

10. **Are business users provided sufficient service from MetroNet?**

11. **Does your office receive complaints regarding MetroNet (e.g., service, construction)?**
    Have received one complaint where Metronet bored through a sanitary sewer lateral. Metronet was notified and the issue was addressed promptly. Metronet does not televise sanitary sewers when boring.

12. **Describe what it was like working with MetroNet during the buildout phase. Was the construction disruptive? Did MetroNet restore right-of-way, yards, etc, to an acceptable condition in a timely manner?** Still early in development

Other
    Recommend speaking to Carmel, IN. The City had stopped Metronet from constructing in area.

City: Lafayette, IN

1. **When did MetroNet enter the market?** 2016

2. **Does MetroNet provide service to the entire community, or are there areas that cannot receive service?** Yes, they have built out the entire community.

3. **How reliable is the service provided by MetroNet?** Assume it is good; have not received any complaints.

4. **Did MetroNet make any promises to the community regarding the availability/quality/etc. of its services, and if so, did it follow through?** * Was not in position when Metronet came through, but as a resident, Metronet promised faster speeds than Comcast and better reliability.

5. **Who are the other service providers in the community, and are any of them FTTP?** Comcast and Frontier. Neither provides FTTP

6. **Are the services provided by MetroNet competitively priced?** Yes, competitive with Comcast.

7. **Are MetroNet's internet speeds sufficient for the needs of residents?** Yes; however, speeds are not as high as expected. Customers experience delays. Did not meet expectations.

8. **What kind of customer support does MetroNet offer (is there a physical office in the community? What kind of hours does it have?)** Customer service is not the best. Yes, there is a physical office. Hours are M-F 9 to 5

9. **Are residents satisfied with MetroNet's policies related to privacy and net neutrality?** Issue has not been raised by residents.

10. **Are business users provided sufficient service from MetroNet?** Don't know

11. **Does your office receive complaints regarding MetroNet (e.g., service, construction)?** Yes. They have put in handholes and left in yards. Installation from the main service line to the house is not the best quality. Lines were left exposed. They have done work in ROW without seeking a permit from the City. There is a lack of communication in obtaining permits. They have put poles in yards without communicating with residents. Overhead lines do not look good aesthetically.

12. **Describe what it was like working with MetroNet during the buildout phase. Was the construction disruptive? Did MetroNet restore right-of-way, yards, etc, to an acceptable condition in a timely manner?** Have restored in a timely manner.

1. **When did MetroNet enter the market?** 2016

2. **Does MetroNet provide service to the entire community, or are there areas that cannot receive service?** Did not provide service in one area that had townhome development. Could not access easement without going through the homes.

3. **How reliable is the service provided by MetroNet?** Can't say. Have not received any complaints.

4. **Did MetroNet make any promises to the community regarding the availability/quality/etc. of its services, and if so, did it follow through?** Can't say.

5. **Who are the other service providers in the community, and are any of them FTTP?** Comcast, no

6. **Are the services provided by MetroNet competitively priced?** Depends on what customer is getting.

7. **Are MetroNet's internet speeds sufficient for the needs of residents?** Yes, Metronet offered faster speeds that were not available at the time through Comcast.

8. **What kind of customer support does MetroNet offer (is there a physical office in the community? What kind of hours does it have?)** Customers have to call for support. There is no physical office**.**

9. **Are residents satisfied with MetroNet's policies related to privacy and net neutrality?** No concerns from residents.

10. **Are business users provided sufficient service from MetroNet?** Not sure, have not heard any concerns.
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11. **Does your office receive complaints regarding MetroNet (e.g., service, construction**)? Yes, responded immediately when repairs are needed. Sometimes there are two utilities in the area. It was hard to determine who was responsible for damage.

12. **Describe what it was like working with MetroNet during the buildout phase. Was the construction disruptive? Did MetroNet restore right-of-way, yards, etc, to an acceptable condition in a timely manner?** Overall very good experience; Romeoville was one of

Metronet's first customers in Illinois. They did a good job of addressing complaints. They provided updates on zones they were working in.

Other

Have Metronet put signs on subcontractor's cars. This helps residents identify which utility is out doing what.

City: St. Charles, IL

1. **When did MetroNet enter the market?** 2017. Metronet hopes to be done by September. St. Charles was looking to enter the market 10 years ago but faced possible litigation by Comcast and AT&T. The City was approached by Metronet and entered into an agreement.

2. **Does MetroNet provide service to the entire community, or are there areas that cannot receive service?** Have not serviced the downtown business sector as of yet.

3. **How reliable is the service provided by MetroNet?** Not sure, but residents have been eager to sign up

4. **Did MetroNet make any promises to the community regarding the availability/quality/etc. of its services, and if so, did it follow through?** Not sure, negotiation was handled by Public Works

5. **Who are the other service providers in the community, and are any of them FTTP?** Comcast and AT&T, No

6. **Are the services provided by MetroNet competitively priced?** Competitive and a bit higher than Comcast and AT&T

7. **Are MetroNet's internet speeds sufficient for the needs of residents?** Can't say, have not heard of any complaints

8. **What kind of customer support does MetroNet offer (is there a physical office in the community? What kind of hours does it have?)** No physical office. Physical office is in Geneva.

9. **Are residents satisfied with MetroNet's policies related to privacy and net neutrality?** Not aware

10. **Are business users provided sufficient service from MetroNet?** Not sure; trying to expand services to the downtown

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11. Does your office receive complaints regarding MetroNet (e.g., service, construction)?
Yes, City had to ask some crews to leave due to the number of complaints from residents.

12. Describe what it was like working with MetroNet during the buildout phase. Was the construction disruptive? Did MetroNet restore right-of-way, yards, etc, to an acceptable condition in a timely manner? Was a challenge to keep up with the number of locates. Residents were upset with the destruction of their yards. City had to get involved. Metronet did fix in a timely manner, but city personnel had to monitor. Management was good to work with.

Other
Before you have them dig, make sure they mark the utilities. Make sure the city has a handle on the number of locates. Figure out how many locates crews can complete and how many you want in the city at once. Make sure there are customer service personnel from Metronet that can handle residents' complaints. Require that they put notification yard markers in yards and put up signs up at entrance of subdivisions. Have crews work in predetermined zones.

City: Wabash, IN

1. When did MetroNet enter the market? 2007

2. Does MetroNet provide service to the entire community, or are there areas that cannot receive service? Can't speak about services in City of Wabash specifically

3. How reliable is the service provided by MetroNet? Outstanding. They can fix problems over the phone and if they can't, they will send a technician out.

4. Did MetroNet make any promises to the community regarding the availability/quality/etc. of its services, and if so, did it follow through? When Metronet made the deal to serve Wabash it was to provide fiber to every house. At the time Wabash suffered from industrial disinvestment. The City had to upgrade to high speed internet. Comcast, AT&T, and Frontier were unresponsive. The City used Spider TIF to lower the costs for Metronet to come into the community. Wabash has since experienced investments in health care facilities and manufacturing/logistics companies.

5. Who are the other service providers in the community, and are any of them FTTP? No other provider in Wabash.

6. Are the services provided by MetroNet competitively priced?

Metronet is less expensive and they offer bundled services

7. **Are MetroNet's internet speeds sufficient for the needs of residents?** Yes, Fast. Have not heard of any complaints. Personally have tracked speeds and it is always close to 1 Gig.

8. **What kind of customer support does MetroNet offer (is there a physical office in the community? What kind of hours does it have?)?** They have a physical office, as included in the agreement with the City. The hours are M-F 9 to 5. Metronet renovated a building in historic district. It has tech support and office service.

9. **Are residents satisfied with MetroNet's policies related to privacy and net neutrality?** Not aware; issue never has come up

10. **Are business users provided sufficient service from MetroNet?** Yes, 1 Gig. Metronet offers services to two hospitals, logistic companies, and other businesses in Wabash.

11. **Does your office receive complaints regarding MetroNet (e.g., service, construction)?** They tore up residents' lawns, but always put them back. They have cut telephone lines but always fix them.

12. **Describe what it was like working with MetroNet during the buildout phase. Was the construction disruptive? Did MetroNet restore right-of-way, yards, etc, to an acceptable condition in a timely manner?** When Metronet went underground there were complaints about lawns being torn up. They were always put back in a timely manner. They have been responsive to the community and products and services are top notch.

City: West Lafayette, IN

1. **When did MetroNet enter the market?** 2013; there weren't a lot of services in area. Comcast bought up smaller companies and had a monopoly in area.

2. **Does MetroNet provide service to the entire community, or are there areas that cannot receive service?** Remote areas are not served, but there is enough fiber throughout City.

3. **How reliable is the service provided by MetroNet?** Have not received any complaints

4. **Did MetroNet make any promises to the community regarding the availability/quality/etc. of its services, and if so, did it follow through?** There was discussion for Metronet to provide service to everyone. The City utilized TIF to reimburse Metronet for x number of years if Metronet made service available to everyone.

5. **Who are the other service providers in the community, and are any of them FTTP?** Comcast, Windtrek, and frontier. Wintrek offers FFTP.

6. **Are the services provided by MetroNet competitively priced?** Same price as Comcast

7. **Are MetroNet's internet speeds sufficient for the needs of residents?** No issues. Offers 100mbps and 1gbps

8. **What kind of customer support does MetroNet offer (is there a physical office in the community? What kind of hours does it have?)** No physical office. Physical office is in neighboring Lafayette.

9. **Are residents satisfied with MetroNet's policies related to privacy and net neutrality?** Not aware

10. **Are business users provided sufficient service from MetroNet?** Have not received any complaints
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11. **Does your office receive complaints regarding MetroNet (e.g., service, construction)?** Received a lot of complaints whereby City had to constantly monitor work. Would leave lines in yards for months.

12. **Describe what it was like working with MetroNet during the buildout phase. Was the construction disruptive? Did MetroNet restore right-of-way, yards, etc, to an acceptable condition in a timely manner?** Had a lot of issues with their boring work in the ROW and in yards. If they could not put lines overhead, they would bore pits in ROW. Homeowners were frustrated that problems were not fixed right away. Work orders were either slow or were not put in at all.

Other
Recommend having commitment regarding the final product.

City: Westfield, IN

1. **When did MetroNet enter the market?** 2015; wrapped up construction in 2017. City and school had owned a fiber network. The network was sold to Indiana Fiber and Indiana Fiber leased it to Metronet. Westfield was one of Metronet's first customers in Indiana.

2. **Does MetroNet provide service to the entire community, or are there areas that cannot receive service?** There are areas that are not serviced, but it is by choice. Westfield is still a growing community; there are some neighborhoods that are sparse. Metronet surveys customers before they lay down fiber. Most residents and businesses have Metronet.

3. **How reliable is the service provided by MetroNet?** Have heard great things about Metronet's service.

4. **Did MetroNet make any promises to the community regarding the availability/quality/etc. of its services, and if so, did it follow through?** Metronet made a promise that everyone will have access to internet, however for Metronet is was not financially feasible to run lines to some areas. Residents would complain that Metronet was not in their neighborhood. Residents don't realize that Metronet needs a set number of customers. Metronet did not have a problem providing service to areas that were contiguous. We have not received complaints over a two-year period, so we have assumed they were reached. Westfield is still a growing community.

5. **Who are the other service providers in the community, and are any of them FTTP?** Comcast. People in Westfield hated Comcast.

6. **Are the services provided by MetroNet competitively priced?** Yes, Metronet is cheaper

7. **Are MetroNet's internet speeds sufficient for the needs of residents?** Yes, no complaints from residents.

8. **What kind of customer support does MetroNet offer (is there a physical office in the community? What kind of hours does it have?)** Good, have not heard anything bad. Has retail office (9:00am - 5:00pm M-S). Metronet conducts remote support as well.

9. **Are residents satisfied with MetroNet's policies related to privacy and net neutrality?** Issues never came up

10. **Are business users provided sufficient service from MetroNet?** Yes, have not heard otherwise
11. **Does your office receive complaints regarding MetroNet (e.g., service, construction)?** Yes, they have hit gas lines, water lines and other lines. The boring machine is very disruptive. You cannot over-communicate! Have a project manager for the City to stay on top of Metronet. Need to make Metronet have a sense of urgency for repairing damage. We met with residents month after month. Set the expectation in the community that there will be

damage. The Project Manager has to be on them! Set the expectation regarding repair work. Set the expectation that mud will be kept off trucks. Set operating hours.

12. **Describe what it was like working with MetroNet during the buildout phase. Was the construction disruptive? Did MetroNet restore right-of-way, yards, etc, to an acceptable condition in a timely manner?** Construction was very disruptive. 98% of the time we did not have to oversee Metronet; the issue was with the subcontractors they hired. Had to let go some of the contractors after they hit line after line.

Other

Most everyone in community will say that they are happy to have the competition and happy with Metronet's service.

Ames, Iowa
MetroNet Introductory Presentation
Discussion – Outline
City Council Meeting
August 13, 2019

- Introduction – MetroNet and the impact of a comprehensive fiber-optic infrastructure investment for Ames.

- Reliability – Redundancy

- True Internet Symmetrical Speeds

- Substantial City-wide Availability

- Competitive Pricing Structure

- Go-to-Market Strategy

- Customer Service – "Passion to Serve"

- Company Communication – Procedures for Deployment

METR⏻NET

Introductory Websites:

MetroNet Construction Communication:
https://construction.metronetinc.com/cct

MetroNet Homepage:
https://www.metronetinc.com/