

**From:** [Jacob Patterson](#)  
**To:** [City Clerk](#)  
**Subject:** Public Comment -- 6/23/25 CC Mtg., Item No. 7B, Broadband Fees  
**Date:** Friday, June 20, 2025 2:33:39 PM

---

City Council & Manager,

Isaac sent me some updated calculations for the proposed fees that are the subject of this continued public hearing. Unfortunately I still feel they lack the necessary detail to support all of the proposed fees associated with the legacy MCN services. The new spreadsheet, unlike the older one provided for the initial public hearing date, doesn't include worksheets for each service line, it just includes a summary of the various fees and monthly rates showing costs allocated to each line item. As you may recall from my prior comments, I am concerned that some of the fees are too high, particularly the fees associated with email and web-hosting, which appear to generate a lot of excess revenue that will then be used to subsidize the early year projected losses for the new fiber broadband we are installing within the city limits. The reason why I want to see the service-line analysis is to better understand how we specifically justify the net contribution for fees when they are positive (i.e., the projected revenues from that fee exceed the costs allocated to the fee, including the capital expenses and overhead).

We need to have a reasonable use for any net contributions beyond the direct operating expenses, which is usually based on projected future maintenance and capital investment costs for equipment and infrastructure related to the particular service line. However, the updated analysis already includes a column for capital improvement costs allocated across the different services and fees so it is not clear what is being used to justify the additional net contribution/excess revenue for particular fees beyond the direct costs, allocated overhead, and allocated future capital expenses. Overall, it shows a net loss for the new fiber services and a statement that the losses will be covered by revenues from other services but that is precisely the problem, IMO. We are totally justified in allocating overhead, personnel, and capital costs across the different services to come up with the fees but we can't use losses from the new broadband services (which use completely different equipment and infrastructure than the legacy MCN services) to pad the fees for the legacy MCN services yet it still looks like that is what is happening.

Normally, a local government can set a fee lower than the costs allocated to it in the fee study but we should not set fees higher than their allocated costs. It is fine for a few individual fees to be higher than their particular allocated costs to make up for undercharging other fees within that same service line but not across what are effectively two separate businesses--I know the two internet service lines aren't legally separate businesses but they are effectively different divisions within the same combined business. In my opinion, the accounting for this enterprise should divide the legacy MCN business from the new high-speed fiber internet business as if they are separate departments in our budget and then have a combined enterprise-wide tally as well. In the same way we cannot use direct expenses from the Community Development Department to help pad fees associated with the Public Works Department when we are calculating our fees, we can't do that across our distinct and basically unrelated broadband enterprise service lines either.

I don't think the updated fee analysis adequately supports all the line items because the legacy MCN service line is projected to produce significant profits (i.e., excess revenue beyond the total allocated costs). Just because the new high-speed fiber services are projected to produce a

loss in the early years with the proposed fees, doesn't mean we can use that to justify overcharging separate and distinct customers for a different service using different equipment and infrastructure.

Best regards,

--Jacob