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Centerville, Murray reject UTOPIA utility fee proposal

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City leaders in Murray and Centerville voted to withdraw from a proposal to hand over control of the UTOPIA fiber-optic network to an Australia-based investment firm. (Jason Olson, Deseret News)

MURRAY — In separate votes, the Centerville and Murray city councils Tuesday rejected a proposal to charge residents a monthly utility fee for fiber-optic Internet service.

The two cities join fellow UTOPIA members Lindon and Payson in voting against moving forward to the second of several milestones in a proposal by Australia-based Macquarie Capitol Group.

The proposal calls for Macquarie to complete construction and assume management of the network, including providing basic Internet service in exchange for a utility fee paid by all residents independent of whether they subscribe to service over the network.

Brigham City, Layton, Midvale, Tremonton and West Valley City previously voted to move forward with the Macquarie proposal. The remaining member cities — Orem and Perry — have until Friday to either reject the proposal or agree to explore the potential deal.

"What we're looking at, really, is whether or not the utility fee model is the right fit," Centerville City Councilman Lawrence Wright said. "We're expressing an intent that we will go forward with a utility

model, and from what I've heard and what I've read, the majority of the people in our city do not want to go forward with a utility model."

The Utah Telecommunications Open Infrastructure Agency began 12 years ago as a means to bring high-speed Internet, phone and television services to individuals and businesses along the Wasatch Front. But low sign-ups and stalled construction have left the network incomplete, serving a small base of customers and languishing in debt.

The Murray City Council was met with applause from a capacity crowd after unanimously voting against moving forward with the Macquarie proposal.

The council did not hear public comment Tuesday, but Councilwoman Diane Turner said she had received more than 200 emails on the subject, with roughly 80 percent of those messages expressing opposition to a utility fee structure.

Councilman Brett Hales said the city received nearly 1,100 responses to its informal resident surveys on the subject, with 632 residents opposed to the Macquarie plan, 114 undecided and roughly 300 in favor.

Hales also expressed his personal opposition to charging residents an \$18 to \$20 monthly fee to maintain the fiber-optic network.

"I have never been able to stomach a \$240 a year fee whether you use it or not," he said. "It just has never, ever made sense to me."

Councilman Blair Camp commented that no matter what decision the council reached on UTOPIA, council members were likely to be called crazy — "or worse."

Camp said the question before the City Council was whether the Macquarie proposal was in the best interest of Murray, and he added that there were few examples nationwide of communities that had successfully implemented a public fiber-optic network.

"I think what it really boils down to for me and for my constituents is that this is not a proven business model," he said. "My biggest concern is this 30-year commitment that we'll be locked into as a city."

Camp said he has often heard UTOPIA compared to other public utilities, like garbage collection, as a justification for levying a fee on residents. But he added that those types of city services do not

require the same long-term commitment UTOPIA cities are facing with Macquarie.

"We would never sign a 30-year contract for a provider of garbage collection," he said.

Councilman Dave Nicponski also suggested that the city erred in the initial creation of the UTOPIA network and would err further by moving forward.

"I think it was a mistake for the public sector to compete with the private sector years ago," Nicponski said. "It's a bigger mistake to pursue that today."

During the Centerville City Council meeting, Mayor Paul Cutler said he is personally opposed to charging a utility fee, but he urged the council to move forward with the proposal in order to gather all the necessary information and to have a seat at the negotiating table.

Cutler also said that because of existing debt related to UTOPIA, city residents are effectively paying between \$10 and \$12 each month per household, and the \$18 to \$20 utility fee would at least provide something of value in exchange for city costs.

"The Macquarie proposal as I have studied it would go a long way to solving the financial problems of UTOPIA, putting it on solid footing," he said.

But Councilwoman Stephanie Ivie said the documents provided by Macquarie suggest there would be little negotiation moving forward on the subject of the utility payment structure.

"We've had a voice at the table this whole time, and what we've gotten is a mandatory utility fee model," Ivie said.

Councilwoman Tami Fillmore, who cast the sole vote against abandoning the Macquarie deal, said she did not want to prematurely close the door on the possibility of offering Internet service as a city utility.

Fillmore said there are social benefits to that model, comparing it to the foresight of past government leaders who invested in the creation of the interstate highway system.

"Now we all just take for granted that the interstate exists and we are able to get into Salt Lake (City) in 15 minutes," she said. "We might be letting go of a very real opportunity to make money and pay off our current bonds."

The Centerville City Council ultimately voted 4-1 to withdraw from Macquarie, but assistant city

manager Blaine Lutz said the city will continue to pursue options related to the fiber-optic network that benefit the city.

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