

Date: May 2, 2014; Section: Front Page; Page: 1A

Macquarie pitches UTOPIA fix

Australian firm vows 30-month completion of fiber-optic network

By **TIM GURRISTER**

Standard-Examiner staff

LAYTON — In a scenario likely to be repeated at numerous cities over the next two months, Macquarie Capital on Wednesday night trotted out its billion-dollar plan to save UTOPIA.

The ambitious proposal promises to finish in 30 months the decades-delayed “build-out” of the fiber-optic network in the 11 Utah cities that own it.

The plan would lay, or string, 1,608 miles of fiber-optic cable to connect 160,000 Utah consumers to the Internet via UTOPIA, which stands for Utah Telecommunications Open Infrastructure Agency.

It’s expected Macquarie will change the name.

Roughly half of the lines will be strung above ground, the rest buried, the plan says, available in its entirety on the network’s gofiberutah.org website.

The member cities continued pouring millions into the uncompleted network project despite delays and controversy since its 1990s inception. Macquarie came forward in December as the expected savior with deep pockets, immediately announcing it was prepared to invest \$300 million or more at no cost to the cities.

In a packed Layton City Council chamber Wednesday night, Duncan Ramage, a Macquarie vice president, calmly spent 45 minutes outlining Macquarie’s 96-page feasibility report on completing UTOPIA.

The Australian company has billions of dollars’ worth of properties under management, per its vita, in 29 countries.

The UTOPIA proposal was released Tuesday, the same day Macquarie held the first of three meetings with UTOPIA’s member cities.

Tuesday’s meeting was in Orem, with another scheduled for Thursday night in West Valley City.

Ramage promised Wednesday night that the fully realized fiber-optic network would trigger competitors Comcast and CenturyLink “to cut their rates (to consumers) and increase their speeds.”

Revenues would reach a billion dollars in 30 years, he said, more than enough to pay off the fiber network’s debt borne by the bonding of member cities.

Member cities are paying off the 25-year notes out of taxes instead of subscriber fees, Brigham City to the tune of \$430,000 a year, and Layton, \$2 million.

UTOPIA agnostics Brigham Mayor Tyler Vincent and City Manager Bruce Leonard asked for specifics on subscribers.

The city recently appointed a task force to evaluate its future with UTOPIA.

Questions from Vincent and Leonard centered on how citizens could “opt out” of UTOPIA membership, and the treatment of residents currently paying \$40 a month for the service in Brigham City when new subscriber fees are added in the future.

Ramage’s answers: to be negotiated as part of the Macquarie contract with the cities, and discounts, respectively.

Some who have UTOPIA liens on their property tied to connection fees will see those lifted, Ramage said, and the plan expects no more connection fees.

Ramage said cities would control the project in that, “if we don’t perform like we say we will, you kick us out, and we lose our investment.”

The crowd numbered about 75-plus, largely made up of city officials from UTOPIAowning cities Layton, Brigham

City, Tremonton, Perry and Centerville.

Ramage's presentation and the questions that followed made for a highly technical and complex discussion lasting approximately two hours.

Member cities now have 60 days to review the proposal before taking it to respective city councils for a vote.

The plan calls for utility fees projected at \$19 to \$20 a month to be charged subscribers once the projected 30-month build-out is completed.

Perry Mayor Karen Cronin asked how the contracted increases in the monthly utility fee would be plotted, and Ramage said they would be tied to the consumer price index, therefore, adjusted for inflation.

He said "yes" when Cronin asked if that was negotiable.

To questions about the possibility fiber optics might become obsolete within a few years in the fast-changing information technology world, leaving UTOPIA a multimillion-dollar white elephant, Ramage responded, "Fiber optics are future-proof."

He then invited to the podium Mike Lee, one of Macquarie's lead technology consultants, to explain further.

Lee assured that fiber optics will remain valid and that its light-wave transmission technology has been in use in oceanic cables for 50 years or more with no plans of replacement.

Ramage said the technology will be "refreshed" throughout the 30-year term of the coming UTOPIA contract.

Contact reporter Tim Gurrister at 801-625-4238 or tgurrister@standard.net. Follow him on Twitter at [@tgurrister](https://twitter.com/tgurrister).



On Wednesday in Layton, Macquarie Capital presents its billion-dollar plan to save UTOPIA, a fiber-optic network in Utah that has stalled. The Australian company plans to hold a number of meetings for UTOPIA member cities over the next two months.

TIM GURRISTER/Standard-Examiner

