Velocity Broadband Bandwidth Increase

Q&A and Supplemental Information

Costs:

Dedicated Internet Access Product	Monthly Cost	Annual Cost
Existing Pricing for 2 Gbps from Crown Castle	$2,880	$34,560
Proposed Pricing for 3 Gbps from Crown Castle	**$3,450**	**$41,400**
Difference	$570	$6,840

2020 Savings:

2019 Expenditures		2020 Adjustments		Savings
GLDS Billing Software	$19,850	Sonar Billing Software	$8,000	$20,850
Salesforce	$9,000			
Momentum Phone Service ($6,730.75/month)	$80,769	Renegotiated Phone Contract ($4,405.5/month)	$52,866	$27,903
			Total	$48,753

Q & A:

Q: Is this a budgeted item?

Yes. Budget is $93,720 for 2020, which includes the old pricing from Crown Castle before we renegotiated last year. With this included, we will be at $69,870 for the year and have $23,850 remaining. We can use this to invest in another provider before the existing Windstream/Cogent contract expires.

Q: Why do we need to do this now? We are anticipating an increased demand as businesses return, which would result in >85% of our available capacity being used. We have had multiple customers add new dedicated circuits or increase their bandwidth requirements in the past month.
Current data usage by VBB customers has steadily increased in the last 5 months and then we experienced a sharp increase just prior to the COVID-19 shutdown. That increase resulted in 85-95% of our available capacity being used during the day. During the shutdown, usage significantly reduced but now that businesses are starting to return, they are re-calculating their bandwidth needs and moving to more off-site cloud solutions that require significant amounts of bandwidth. As such we are starting to see the return of the >80% capacity usage. We would like to have this additional capacity in-place before the full workforce of our business community returns.

Q: Can we wait? No. We already waited to make sure the bandwidth demands prior to the COVID-19 shutdown were not a one-off event. We have also brought on more higher bandwidth circuits due to COVID-19 that are being used. Had our bandwidth usages increased as it was prior to COVID-19, I would anticipate starting the process of this upgrade with July/Aug. legislation.

Q: If not, why have we waited so long to move this forward? Do we have metrics to support this increase? Yes. We also experienced 9 High usage alarms in March, 0 in April and 4 in May. We average 1 per month and they normally occur in the middle of the night when customers run their backup routines. The events in March and May occurred during the day and normal operation. As for the charting, our lines of action are at routinely hitting 75% we will begin looking at next steps. When we hit 80%, we start working on legislation.

Q: What do we currently pay for 2 Gig? $2,880.00 per month

Q: What will be the difference to move to 3 Gig? +$570 per month

Q: Can we buy this service from other providers? Yes, but they will take 90 days to install and will result in an additional monthly cost for the entire circuit ($3,000+ per month) instead of the incremental increase.

Q: Why do we need to stay with Crown Castle? Crown Castle provides a block of IPs used by our customer base, they are already connected to us and other providers would have to build to our data center which could take 90 days. Bandwidth cannot be summed together, so we could not buy one gig from three different providers to get three jointly usable gigs.

Q: Can we shorten the commitment to 1 year? No, not currently due to already being 8 months into this 36-month contract.

Q: What would be the cost of a 12-month commitment? The cost for a 12-month contract would be $4,370, a 26% increase.

Q: What happens if we do not move forward with this? There is a significant risk for outages as our capacity is used up. We would also not have the available capacity to reliably fulfill the additional bandwidth our customers have recently purchased.

Q: Why have we renegotiated these other contracts now? With broadband services growing rapidly nationwide, there is a much better selection of software and broadband related service options available. Many of these were not available several years ago.