

Town of West Yellowstone

Special Town Council Meeting

Tuesday, February 10, 2015

West Yellowstone, Montana

Town Hall, 440 Yellowstone Avenue

6:00 PM

Agenda

Council Comments

Public Comment Period

Fiber Optic Build Proposal, Grizzly Internet, Inc.

Discussion

Application to Maintain an Encroachment, Fiber Optic Build, Grizzly Internet, Inc.

Discussion/Action

Development Agreement, Fiber Optic Build, Grizzly Internet, Inc.

Discussion/Action

The Public is invited to attend, no action will be taken.





Fiber Optic Build for Town of West Yellowstone

303 N Canyon St Suite F
West Yellowstone, MT 59758

p. 406-646-7006

pond@grizzlyinternet.com
<http://www.grizzlyinternet.com>

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Executive Summary

Since the creation of Grizzly Internet, Inc. in May 2005 our goal was to bring the best possible internet service to the Hebgen Basin. Nine (9) years later we continue to pursue this goal. Fiber Optics have been around since the 80's and are being installed in cities around the world. So why shouldn't remote West Yellowstone, that has more than 2 million people travel through it each year, not have access to the speeds and quality of fiber optic service. The proposed plan is to provide these speeds and quality to the town of West Yellowstone.

Objective

To install a fiber optic communication system inside the town of West Yellowstone in two phases. Phase 1 to be completed by the end of October 2015 including Old Town & Grizzly Addition; Phase 2 to be completed by end of Summer 2016 including Madison Addition.

Mission Statement

The goal of Grizzly Internet, Inc. is to provide the best possible internet service to the residences and businesses in the Hebgen Basin. We have been doing this through a proprietary wireless system since June of 2005. Our plan is to replace our wireless infrastructure with fiber optic and "future proof" our system design.

Keys to Success

We are unique in the fact that we will be the first to offer fiber to the home (FTTH) service in the Hebgen Basin. We have been a provider here for 9 years, locally owned and operated, and support the local community.

Description of Business

Grizzly Internet, Inc. is an Internet Service Provider. Our focus is on installing internet service in homes and business. Through the past 9 years we have done this primarily through wireless equipment. We are making the move to fiber optics to try to get ahead of the curve of technology advances.

Company Ownership/Legal Entity

Grizzly Internet, Inc. is a Subchapter S Corporation, owned and operated by Jason Pond, President and Tashara Pond, Vice President who are 50/50 owners, and does not have a board of directors.

Hours of Operation

8am – 4pm M-F with 24x7 emergency internet service support.

Products and Services

Wireless Services (currently offered)

- Residential (installed on a residential dwelling)
- Small Business (installed on a business, home offices do not qualify)
- Commercial service (dedicated internet access, only guaranteed bandwidth solution)

Fiber Optic Service (proposed to be offered)

- Residential (installed on a residential dwelling)
- Small Business (installed on a business, home offices do not qualify)
- Commercial service (dedicated internet access, only guaranteed bandwidth solution)

Phone Service (VoIP or Voice over IP)

Computer Repair (i.e., hardware failures, virus/malware removal)

Once the system is complete and customers are online, we plan to add additional services to our portfolio. Such as Home automation services and web cam (see your home while your away).

Service

We strive to provide the best possible customer service that we can. We may not be able to answer the phone every time it rings, but we do return calls as soon as possible. Our goal is same day service if there is a problem. Most problems that require service calls are handled within a few hours of the initial call.

Management

Jason Pond has been in the internet service provider industry since 2001. Helping found Little Apple Technologies in Manhattan, MT and growing that company, as their CTO, to over 600 subscribers before leaving and starting Grizzly Internet, Inc. Grizzly Internet, Inc. purchased West Yellowstone Web Works a local webhosting and internet service provider in June of 2005. Since then Grizzly Internet has grown from 30 wireless and 80 dial-up internet service subscribers to the current over 500 wireless internet service subscribers.

Tashara Pond has been in the finance field since 2001 where she started out as an Administrative Assistant in a high end architectural firm, LPAIA, in Bozeman, MT where she was soon promoted to Finance Manager. During this time in Bozeman, she also setup and managed the finances for 3 other companies, including Lohss Construction, Montana Mountain Maids, and Great Dane Consulting. After moving to West Yellowstone Tashara began working for Ventures West Inc. as their Controller. She recently left Ventures West Inc. to focus her time with Grizzly Internet, Inc. She is also very involved with the school and the Girl Scout program in West Yellowstone.

Marketing

In the past we have relied upon “word of mouth” marketing. This has worked very well for us. However we fully understand that type of marketing will not sustain us for this project. We have begun a direct mailer marketing program along with door hangers and public notice marketing. Our goal is to “hook up” everyone in the Hebgen Basin, in order to do this we will have to notify everyone that this new service is available. Local newspaper, radio, direct mail, door hanger, and yard signs (where permitted) will all be used.

Market Analysis

It has been proven in other markets that people want better and faster internet. Our service is “FTTH” which is the best on the market to date. Our basic service plan is over 6 times faster than our DSL competition. Over the past 3 months there has been a growing number of DSL customers switching to Grizzly Internet, Inc. wireless service without offering “FTTH” service, indicating the ease-ability to get new customers. During the past months we have confirmed that CenturyLink DSL is

only providing a 256kbps service in West Yellowstone due to a capacity cap. This make us the only broadband provider in the Hebgen Basin.

Competition

At this time there are no other providers offering “FTTH” service. There is a provider offering fiber service to large local businesses willing to pay high dollar amounts per month. This provider is Fremont Communications, which is an upstream provider to Grizzly Internet, Inc. They are aware that we are planning to build out the town of West Yellowstone.

Pricing

Our pricing is developed based upon market demand and our cost. As our costs for bandwidth decrease we can offer more bandwidth to the customer. The services offered are selected based on the local communities’ needs and how the internet is used. Phone service pricing falls in-line with a national standard of pricing, in order to be competitive.

Pricing Plans								
Residential			Small Business			Commercial		
	Min	Max		Min	Max		Min	Max
One Time Fees								
Install	100.00	250.00	Install	100.00	500.00	Install Fees	100.00	1,000.00
Monthly Recurring Internet Fees								
Speed Options			Speed Options			Speed Options		
10x10 Mb/s	45.00		15x15 Mb/s	45.00		Per Mb/s	50.00	
20x20 Mb/s	75.00		30x30 Mb/s	75.00				
30x30 Mb/s	105.00		40x40 Mb/s	105.00				
One Time Phone Fees								
Install	40.00	50.00	Install	40.00	50.00	Install	100.00	1,000.00
Monthly Recurring Phone Fees								
Phone Service	20.00	25.00	Phone / line	30.00	35.00	Custom	100.00	500.00

Strategy and Implementation

1st step was to secure funding. We have secured our own funding for this project. It is not subsidized in any way or by any government grant or loan.

2nd step is to receive town council approval to encroach on public right of ways.

3rd step is to place the order for any products that are going to take more than 3 months to receive, along with finalizing the warehouse lease.

4th step is to purchase all of the equipment needed for the installation process.

5th step is to start installing May 1st, 2015 provided the ground is thawed and most of the snow is melted.

We will begin by installing our main loop through town as well as the Grizzly Addition. From there, working the Alley's (A, B, C, D) in the first year of construction. In later years, we will extend into the Madison Addition and out of Town limits to cover the entire Hebgen Basin (phase's 2-5 as noted below).

Prior to the build phase of the project, we will be notifying business's and resident's that there will be fiber optic construction happening. We will be going door to door, along with direct mailer notifications.

Our construction method for the town mainline will be horizontal directional drill with excavation where required or needed (i.e., vault installation, crossing other utility lines). Our depth will be in the 42"-48" range which has been verified to be clear from most other utilities by the town of West Yellowstone Public Works superintendent. 811 Location service will be used as required by law. We will also have our own location verification process. Verified by other directional drillers and construction workers, our soil conditions are one of the easiest to drill through, obsidian sand has a very high compaction rate and is softer than carbide, making it easy to drill through with little collapsing.

To complete this we will hire 2 trained construction workers, to work for the season May – October. The rest of the work will be supplemented by the Grizzly Internet, Inc. existing staff. We will be hiring an Administrative Assistant in the early spring before notifications start, to handle answering the phone and entering in lead information. Construction is to start on May 1st, weather permitting (i.e., ground is thawed, and snow is out of the way). The construction phase for the mainline is estimated to extend through September taking into account potential delays. While October will be used to finalize the last of the customers before the ground freezes for the winter. Customer installations will be done by year-round staff until October, when the 2 construction crew members will assist in getting the last of the customers connected. Customer installation will be done using a small vibratory plow at a depth of 12 inches where possible and to drill where needed.

At the end of October 2016, when the entire town project is completed, we will increase to and maintain the following staff positions:

President (Salary)

Finance Manager / Vice President (Salary)

Support Lead (Hourly)

Support Technician (Hourly) New Position

Administrative Assistant / Support (Hourly)

This will add 2 full time positions and increase a part time position to a full time position at the end of the town of West Yellowstone Fiber project.

The office space that Grizzly Internet, Inc. recently moved into in August 2014 is large enough to sustain the employees listed above. There is also additional space that can be rented if necessary at this building location.

Appendix

Maps:

We have included in every packet a map of the proposed conduit & vault locations. Conduit sizes will vary depending on the amount of micro-ducts that are inside. Most will be less than 2in outside diameter. Vaults will vary in size from 14in x 19in to 24in x 36in there are only about 6 of the larger vaults where the main splices are at.

Maps are Phase 1, Phase 2, Old Town and Grizzly Addition. The pins are proposed vault locations. These are all proposed with +/- of 3ft. variance. This is due to the potential of other utilities or obstacles already at that exact location.

Notes:

As a WISP owner, I am a member of an organization called WISPA or Wireless Internet Service Providers Association. There are a lot of other WISPs doing projects just like this. Most are not starting this large, but to explain the reasoning behind this is to understand that the market demand is extremely high here.

Timing is crucial in this market, which is why we are trying to get this project off the ground for spring 2015. By bringing fiber first to the market we hope to retain our customers for a very long time.

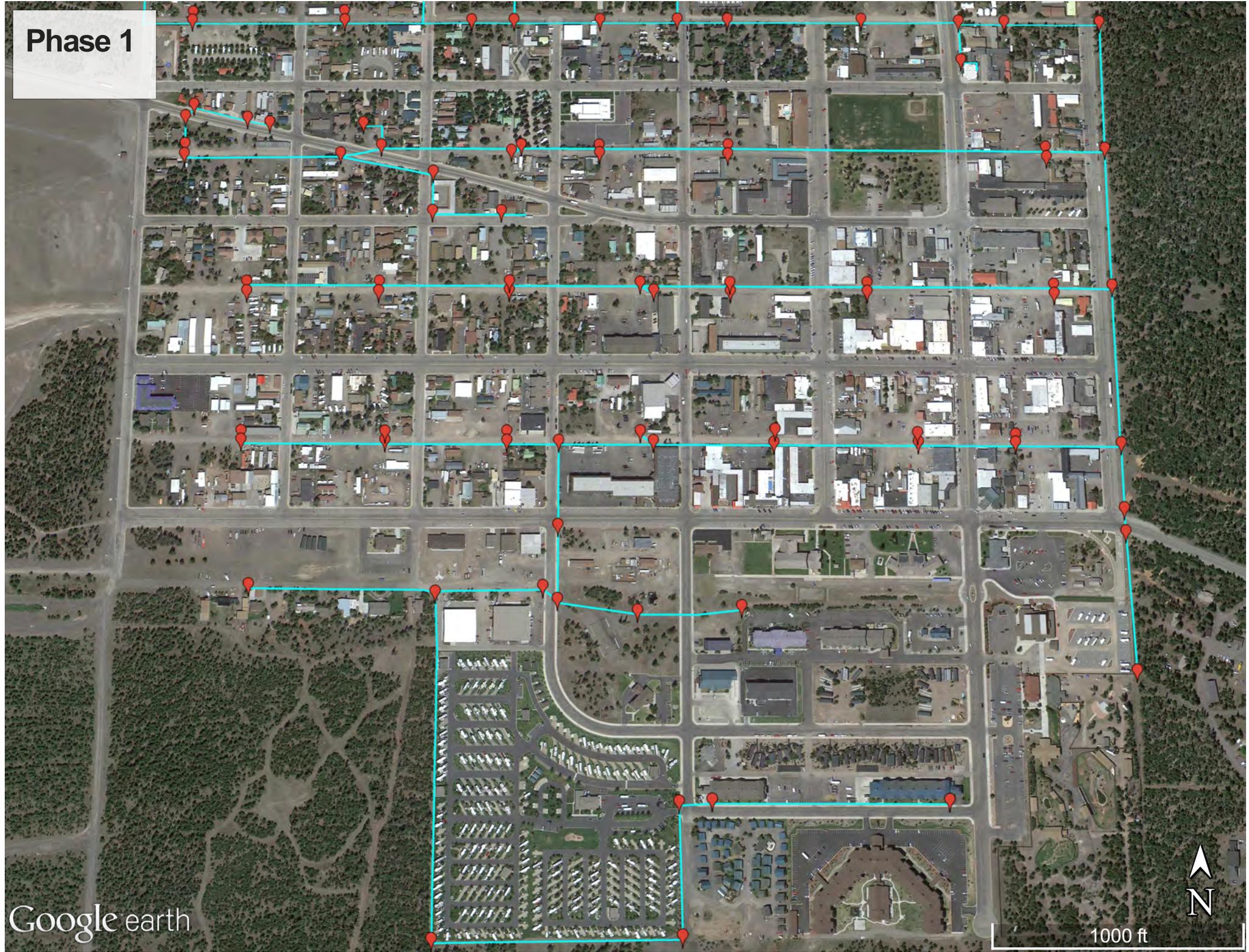
PROPRIETARY & CONFIDENTIAL information has been excluded from this business plan as it is being presented in a public forum.

Phase 1

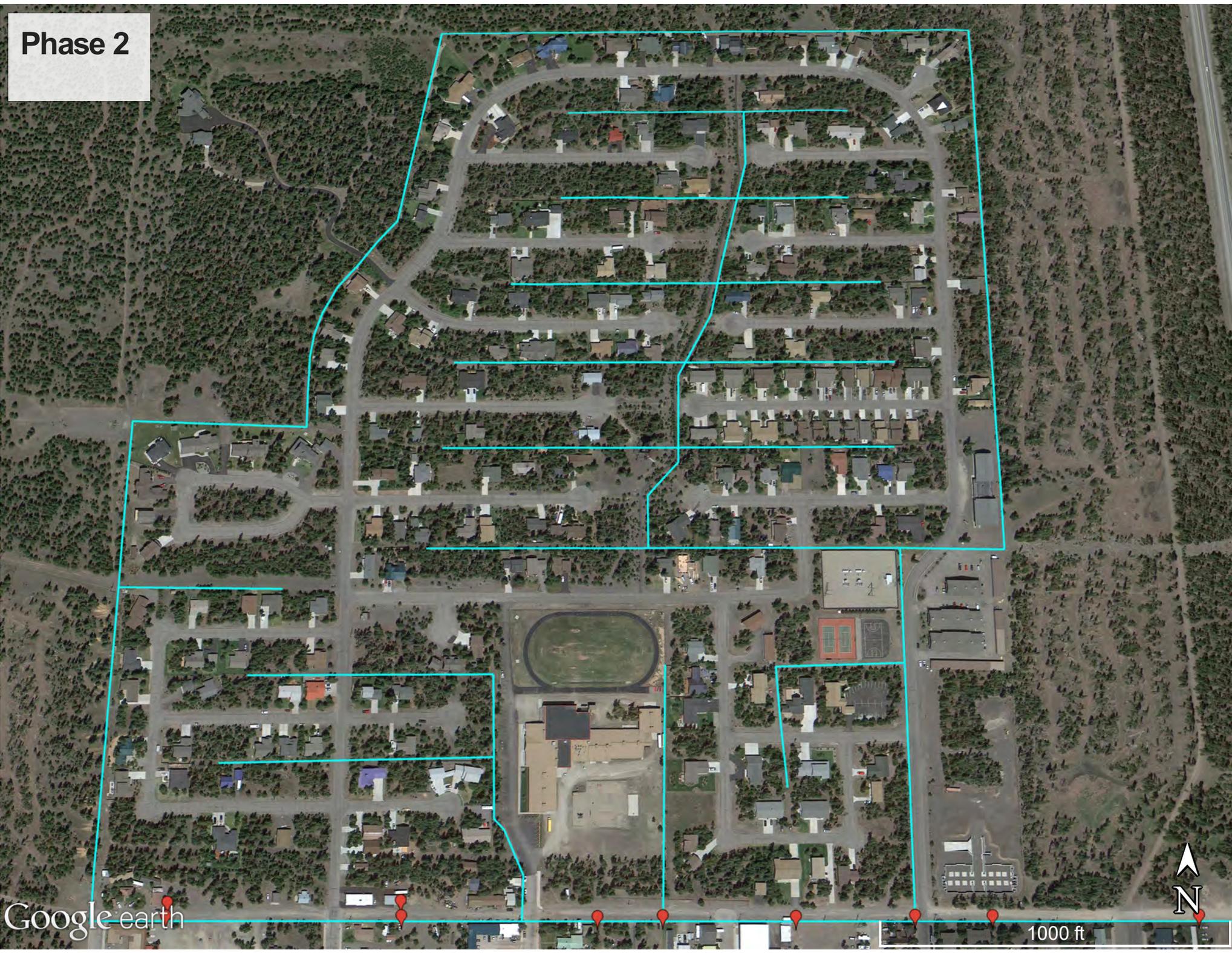
Google earth



1000 ft



Phase 2

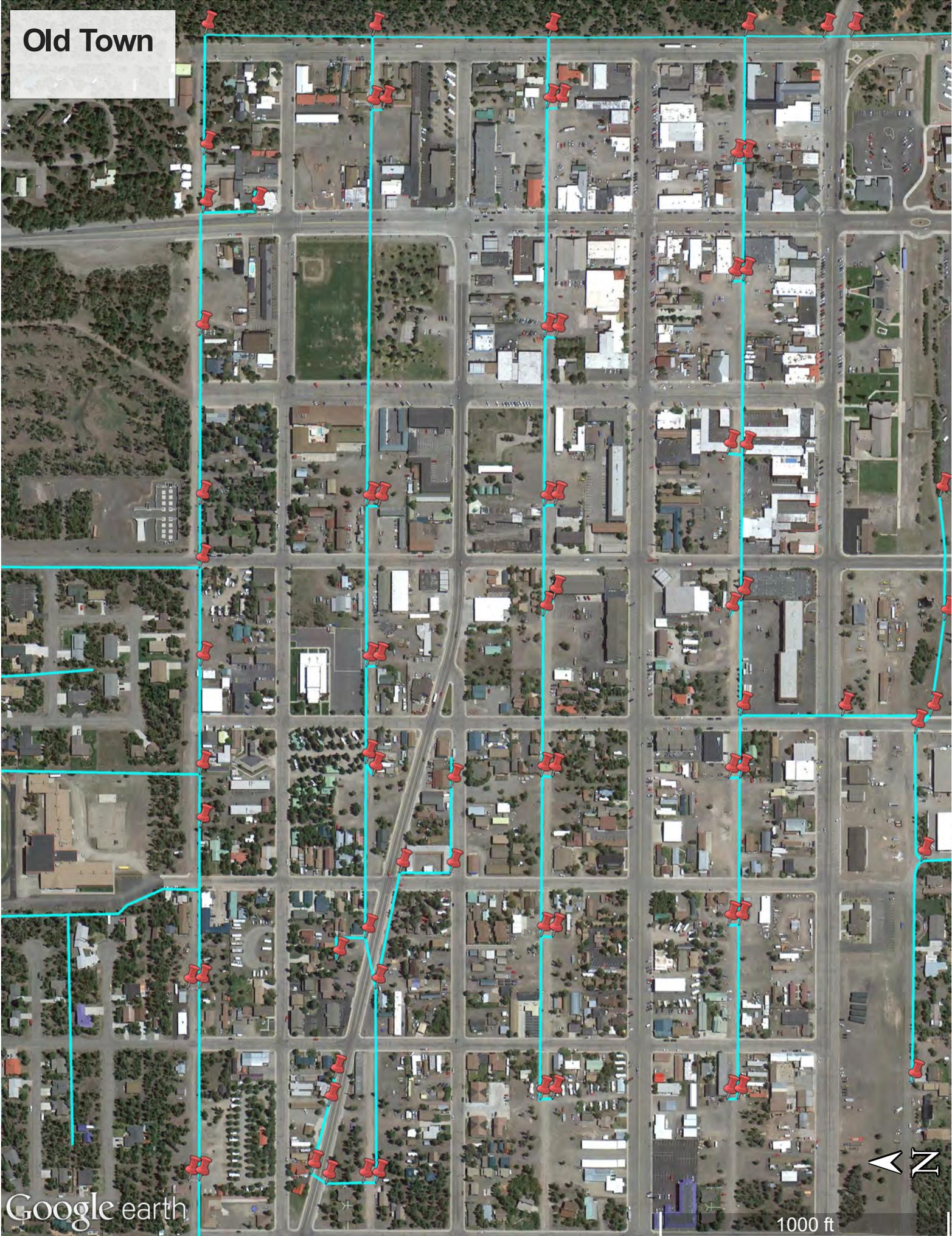


Google earth

1000 ft



Old Town



APPLICATION TO MAINTAIN AN ENCROACHMENT

Town of West Yellowstone
Gallatin County, Montana

DATE: 1-9-2015

APPLICANT: Grizzly Internet, Inc

ADDRESS: 303 N Canyon Suite F

PHONE: 406-646-7006

INTEREST IN PROPERTY: Lease

OWNER OF RECORD'S SIGNATURE: _____

1. LEGAL DESCRIPTION:

Subdivision: Old Town & Grizzly Addition Proper

Block: ALL Lot: _____

Zoning District Number: ALL

2. Please describe specifically the construction and size of the proposed encroachment. On the reverse of this application, please provide a sketch of the proposed encroachment. To encroach in the public right of way in Old Town and the Grizzly Addition of the town of West Yellowstone for the purpose of installing and maintaining a fiber optic network to be able to provide businesses and residents with fiber optic broadband Internet service.

Construction will be done using mostly horizontal direction drilling with digging where needed. The installation will be of up to 2 inch in diameter conduit and 24 x 36 and 14 x 19 inch vaults along the path of the conduit.

Please see attached maps for location estimates and refer to business plan for more description.



Signature of Applicant

1-9-15

DATE

For Office Use Only:

DECISION BY TOWN COUNCIL

Approved Disapproved

Mayor/Operations Manager

DATE

Elizabeth Roos

From: Winston Dyer <wdyer@thedyergroup.com>
Sent: Thursday, February 05, 2015 5:00 PM
To: 'Elizabeth Roos'; 'Jane Mersen'
Cc: 'James Patterson'; rguay@townofwestyellowstone.com
Subject: RE: Internet Installation

Follow Up Flag: Follow up
Flag Status: Flagged

Liz – this looks great. Thanks for sending it on to Jane for appropriate review and very worthy enhancement.

Jane – we haven't had the chance to meet yet, which I look forward to doing in the near future. Thanks so much for your help with this document, particularly the attention to indemnification and insurance requirements. While on the one hand I know the Town is very keen on supporting this project and wants to see it move forward quickly and smoothly, our job as professionals is to protect the Town's interests – particularly those things that elected officials may not foresee or might tend to overlook in an effort to achieve the greater good. I believe this document does a good job of protecting the Town's interests considering the nature of this proposal creates considerable potential for liability concerns and difficulties along the way.

I'm comfortable with what's been put together here, so unless there is some more discussion about insurance requirements and the like, I'm fine with this being released for consideration by the elected officials.

I might make note that John Cummings indicated it looked like the Town would be "inspecting". That is not the case and I tried to be careful with my choice of words that they would be observing construction... and then the intent is only to make sure that the work is being done in the agreed-upon places and manner, and does not negatively impact existing town infrastructure or the other existing private utilities that have a reasonable expectation of the Town helping to protect them since they are in the right-of-way. Jane – feel free to clarify that if needed (I have zero pride of authorship in any of this ☺).

Thanks again everyone – let me know what else I may do to assist. Many thanks... Dick Dyer – West Yellowstone Town Engineer

*Winston R. Dyer, PE
The Dyer Group, LLC
208.390.9700 v, 656.8808 f
wdyer@thedyergroup.com*

From: Elizabeth Roos [<mailto:eroos@townofwestyellowstone.com>]
Sent: Thursday, February 05, 2015 3:29 PM
To: Dick Dyer
Cc: James Patterson
Subject: FW: Internet Installation

Dick,

As you can read below, Jane has made some changes to the development agreement. Please let us know if you have any more comments or suggestions.

Thank You,
Liz

DRAFT DEVELOPMENT AGREEMENT

This Agreement is entered into as of the ____ day of February, 2015, by and between the Town of West Yellowstone, a Montana municipal corporation ("Town"), and Grizzly Internet, Inc. ("Grizzly"), with respect to the following facts.

A. The Town owns, operates, maintains, and regulates public rights-of-way within its incorporated limits including streets, alleys, and publicly-dedicated utility easements.

B. Grizzly desires to install a Town-wide fiber optic communication network within established Town rights-of-way and utility easements for the purpose of providing privately offered fiber optic Internet and communications services to existing and future residences and businesses within the Town.

C. In recognition of the greater public good potentially achieved in having a Town-wide fiber optic communication network commercially available to all businesses and residences in Town; The Town is willing to allow the installation, operation, and maintenance of the fiber optic network in the Town rights-of-way and Town-controlled easements, subject to the terms of this Agreement.

THEREFORE, the parties agree as follows:

1. The Town agrees that Grizzly shall be permitted to install a Town-wide fiber optic communication system and associated components in existing Town rights-of-way and controlled easements, at Grizzly's sole expense and risk, in accordance with all of the terms set forth herein, and with the existing Town Ordinances with regard to permitted encroachments, and current Town Publics Works Standards.

2. Grizzly agrees to be responsible for and pay all engineering fees, legal fees, and development-related out-of-pocket expenses incurred by the Town in connection with Grizzly's installation, operation, and maintenance of the fiber optic network and components. Grizzly shall not allow any liens or other encumbrances to be filed on any property, rights of way or easements belonging to the Town and agrees to defend and indemnify the Town in the event any such lien or claim is filed.

3. Grizzly agrees to be responsible and pay for any and all costs for repair, replacement, or relocation arising from damage to or interference with the proper operation of Town infrastructure (including, but not limited to streets, alleys, storm draining drainage facilities, water facilities, and sewer facilities), and to other private utilities currently occupying Town rights-of-way, that may occur from the installation and operation of the fiber optic network. As good-faith evidence of this commitment, Grizzly will furnish the Town a performance bond in the amount of \$100,000.00 for the installation portion of the development. The bond will be released upon Town's acceptance of the completion and cleanup of the installation of the fiber optic network and associated facilities.

4. Grizzly likewise agrees to be responsible and to repair at its sole expense any other damage or disruption to existing Town infrastructure or other private utilities or damage to third parties, resulting from the ongoing operation and maintenance of the fiber optic

network and associated facilities. Grizzly agrees to utilize locatable conduits for the main and service drop conduits and cables for the fiber optic network in order to facilitate their being located. The Town agrees to take reasonable and customary precaution with regard to locating fiber optic facilities and components prior to undertaking work within its owned rights-of-way and easements, including calling for utility locates and seeking Grizzly's cooperation and assistance in locating such facilities.

5. Grizzly agrees at its sole expense to adjust or move installed fiber optic network facilities and components after initial installation as may be required to accommodate the Town's needs or desires to utilize its rights-of-way and dedicated easements for Town purposes. Town agrees to provide its best efforts in the fiber optic network design phase to identify areas where the potential for future interference to the fiber optic facilities will be minimized.

6. Grizzly agrees that all fiber optic network components facilities and components will be in underground installations. No above ground components will be permitted without specific written approval of the Town.

7. The parties agree that in the Old Town segment, the main east-west cable facilities will be installed just south of the north right-of-way line of the alleys at a depth of 42-54 inches below the ground surface or as otherwise needed to avoid conflict with existing Town infrastructure and/or other private utilities.

8. Grizzly agrees to limit fiber optic network installation work to one alley at a time and to have the work in that alley completed and the ground surface cleaned up and restored to its pre-construction condition prior to beginning installation work on any subsequent alley or other area. Grizzly agrees to give adjacent property owners or business located adjacent to the alley reasonable notice of when the work will be started and completed.

9. Grizzly agrees to provide, at its own expense, such surveying or other acceptable location efforts as are needed to accurately determine and locate Town rights-of-way boundaries, specifically including alleys and interior park areas, so as to be able to properly locate the fiber optic facilities within the approved rights-of-way and easements.

10. Grizzly agrees that it shall be responsible to obtain appropriate and necessary permits, clearances, authorizations, and permissions as may be necessary for proper location, installation, operation, and maintenance of fiber optic facilities as needed and required from the Montana Department of Transportation, the USDA Forest Service, and the National Park Service. Grizzly will likewise be responsible to obtain and secure all private easements necessary for installation, operation, and maintenance of the fiber optic system. Grizzly will comply with all laws, federal, state and local and all applicable regulations, including Davis Bacon if it is deemed applicable.

11. The Town will observe the installation construction of the fiber optic network facilities and components occurring within Town rights-of-way and easements for the sole purpose of protecting its infrastructure or other property but not for the purposes of insuring proper fiber optic installation. Grizzly agrees to correct or adjust at its sole expense the location or installation of any facilities as directed by the Town for the purpose of avoiding or minimizing present or future interference with Town infrastructure or use of the rights-of-way.

Grizzly is responsible for any loss or damage to materials, tools, or other articles used or held for use in the completion of performance of the project. Grizzly's performance must be without damage or disruption to any other work or property of the Town or of others and without interference with the operation of existing machinery or equipment.

12. Grizzly agrees to provide the Town with both electronic and hard copies of detailed "as-built" record drawings of the fiber optic network facility and component locations, and to regularly update the Town's records as future adjustments or extensions of the fiber optic network are completed.

13. To the fullest extent permitted by law, Grizzly shall fully indemnify, defend, and save Town, its agents, representatives, employees, and officers harmless from and against any and all claims, actions, costs, fees, losses, liabilities or damages of whatever kind or nature arising from or related to Grizzly's performance of this Agreement and its work on the installation project or related work of any subcontractor or supplier to Grizzly.

14. Grizzly shall maintain those insurances as may be required by Town as set out below and shall provide Town with proof of such insurance coverage within ten (10) days following execution of this Agreement and at least annually thereafter during the term of the Project. Grizzly shall notify Town thirty (30) days prior to the expiration of any such required insurance coverage and shall ensure such required insurance coverage is timely renewed during the term of this Agreement so that there is no lapse in coverage during Grizzly's performance of this Agreement. Grizzly shall further notify Town within two (2) business days of Grizzly's receipt of notice that any required insurance coverage will be terminated or Grizzly's decision to terminate any required insurance coverage for any reason. Each required insurance coverage must name the Town as an additional insured.

Insurance Coverage at least in the following amounts is required:

a.	Commercial General Liability (bodily injury and property damage)	\$1,500,000 per occurrence \$3,000,000 aggregate
b.	Products and Completed Operations	\$3,000,000
c.	Automobile Liability	\$1,500,000 combined single limit
d.	Workers' Compensation	Not less than statutory limits
e.	Employers' Liability	\$1,500,000
f.	Professional Liability (E&O) (only if applicable)	\$1,500,000
g.	Contractual Liability Insurance (covering indemnity obligations)	\$1,000,000 per occurrence \$3,000,000 aggregate

15. The construction of this Agreement, and the rights and liabilities of the parties hereto, shall be governed by the laws of the State of Montana. Any litigation to enforce or interpret the provisions of this Agreement or the parties' rights and liabilities arising out of this Agreement or the performance hereunder shall be maintained only in the courts in the County of Gallatin, Montana.

16. In the event of any litigation to enforce or interpret the provisions of this Agreement, or to remedy a breach thereof, the prevailing party shall be entitled to reasonable attorneys' fees as fixed by the court.

17. This Agreement contains the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein.

18. Each party to this Agreement agrees to perform any further acts and execute and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.

19. A waiver by Town of any default or breach by Grizzly of any covenants, terms, or conditions of this Agreement does not limit Town's right to enforce such covenants, terms, or conditions or to pursue Town's rights in the event of any subsequent default or breach.

20. Neither this Agreement, nor any interest herein, shall be assigned, transferred, hypothecated or otherwise conveyed by either party without the prior written consent of the other party. No assignment will relieve Grizzly of its responsibility for the performance of the Agreement. Any such attempted conveyance in violation of this paragraph shall be void and shall constitute a default entitling the other party to terminate this Agreement.

21. Subject to the restrictions against assignment as herein contained, this Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, estate, heirs, and legatees of each of the parties hereto.

22. Severability: If any portion of this Agreement is held to be void or unenforceable, the balance thereof shall continue in effect.

23. Binding Effect: This Agreement is binding upon and inures to the benefit of the heirs, legal representatives, successors, and assigns of the parties.

24. Amendments: This Agreement may not be modified, amended, or changed in any respect except by a written document signed by all parties.

25. No Third-Party Beneficiary: This Agreement is for the exclusive benefit of the parties, does not constitute a third-party beneficiary agreement, and may not be relied upon or enforced by a third party.

26. Counterparts: This Agreement may be executed in counterparts, which together constitute one instrument.

