Council Study Session Meeting Agenda

ASHLAND CITY COUNCIL

STUDY SESSION AGENDA

Monday, August 18, 2025

Council Chambers, 1175 E Main Street

Live stream via RVTV Prime at rvtv.sou.edu or broadcast on Spectrum 180 & 181.

Public comment is welcome on agenda items.

To **speak electronically** during the meeting or to submit **written comments** in advance, please complete the online Public Comment Form by 10 a.m. the day of the meeting.

5:30 p.m. Study Session

I. CALL TO ORDER

II. REPORTS AND PRESENTATIONS

a. Ashland Fiber Network Business Plan Update

b. East Main Park Update

III. ADJOURNMENT

If you need special assistance to participate in this meeting, please contact Alissa Kolodzinski at recorder@ashlandoregon.gov or 541.488.5307 (TTY phone number 1.800.735.2900). Notification at least three business days before the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting in compliance with the Americans with Disabilities Act.

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Council Study Session

Date: August 18, 2025

Agenda Item	Ashland Fiber Network Business Plan Update
Department	Ashland Fiber Network
From	Mariane Berry, Finance Director, Chad Sobotka, AFN Manager

TIME ESTIMATE
1 hour for presentation and Q&A

CATEGORY
Staff Direction - provide direction to staff on the body's desired next steps.

SUMMARY
Previous council communications on this topic:

- April 3, 2023: AFN Business and Technology Planning Presentation. It was determined at this meeting to deploy fiber through a pilot project, specifically $1M out of AFN's Ending Fund Balance would be used toward the PON (Passive Optical Network) Project.
- January 16, 2024: Approval of GPON (Gigabit Passive Optical Network) vendor and status update. Approval of Calix as AFN's partner in deploying fiber.
- April 30, 2025: AFN Budget Summary. During budget committee meetings, discussed accomplishments and future outlook around deploying DOCSIS (Data Over Cable Service Interface Specification) and PON (Passive Optical Network) technologies.
- June 2, 2025: Next Gen Fiber Pilot Project Update

Staff returns to provide Council a business plan update on the AFN Pilot Project of deploying next-generation fiber technologies. We require guidance and support on AFN's capital plan for this biennium specifically, and generally for the next 4 bienniums.

POLICIES, PLANS & GOALS SUPPORTED
Vision Statements for Success
Ashland is a resilient, sustainable community that maintains the distinctive quality of place for which it is known.

Community
Community affordability

Organization
Excellence in governance and city services
Quality infrastructure and facilities through timely maintenance and community investment

Economic Vibrancy
AFN supports those experiencing homelessness by providing fast, reliable free public wifi. This is the same wifi that is used in the camping lawn for online drug and alcohol counseling.

BACKGROUND AND ADDITIONAL INFORMATION
Please see above for historical timeline on this topic.

PON Pilot Project Update
Council approved the PON Pilot Project in the Spring of 2023 with the goal of passing 500 homes per year with fiber. Funding of $1 million was approved and allocated from AFN's ending fund balance. Due to delays in

contract approval and finding/hiring contractor, the work began Fall of 2024. AFN expended $626,300 of approved allocation with the remaining being carried forward to the 25-27 biennium.

AFN began laying PON fiber in the Granite Street and Southern Oregon University (SOU) neighborhoods. We also laid fiber in other areas such as the Railroad District, Washington/Jefferson and the Magnolia housing area. As part of the PON Pilot Project, 260 homes can connect to fiber along Granite Street and 292 homes in the SOU area, for a total of 552 homes. There are also a handful of businesses in those areas as well. Since July 2023 to June 2025, Gigabit customers have increased by 611% from 37 to 263. In total, customers have increased during the same period by 5.8% from 4,075 to 4,313 (numbers fluctuate throughout the year).

Business Case

In our presentation, we will review the differences between DOCSIS 3.1 and PON technology. As Staff assessed the overall long-term strategy of "going PON" 100% earlier this year, it was determined that the capital needed for that would be 3X the cost of DOCSIS 3.1 and 8X the amount of time. As an example, to upgrade AFN's entire plant to PON (which would cover 90% of Ashland), it is roughly estimated at $15 million over a 2-year concentrated focus, versus $5 million for DOCSIS 3.1 in 3 months. Further, by deploying DOCSIS 3.1 now, AFN could provide residents and businesses access to Gigabit service faster, bringing in customers much sooner than PON deployment, and the revenue generated from this would fund the PON network. This allows for a fully enterpise-sustainable, capital infrastructure deployment. Taking the primarily increased PON Gigabit customers previously mentioned above of 263, that only equates to an additional $173,600 a year. Thus, it would be a long time before AFN's net position could grow to a level that it could self-fund a greater PON network.

Bottom line, Staff proposes a Hybrid Fiber/Coaxial (HFC) network architecture, which has many years of useful service left, while we also work concurrently to deploy PON which is considered future-proof technology. The goal is to increase market share from today's 34% to 55-60% by 2033 by staying within the net position of the enterprise.

The investment in DOCSIS 3.1 would not be considered a sunk investment, nor should it be considered obsolete technology anytime in the intermediate future. Further, the equipment deployed for DOCSIS 3.1 would be used for PON conversion as well, realizing some cost savings .This approach allows for the necessary, steady growth both from the perspective of cost and service delivery, while also building the customer base and revenue to fund continued, future-proof capital infrastructure without taking on debt.

Business vs. Residential

Businesses located downtown, in the areas of East Main (between 3rd & 8th), Washington St, and the SOU area all currently have access to Gigabit high-speed internet (PON or G.hn, "Gigabit Home Networking"), supporting speeds up to 2.5Gbs. PON, G.hn and DOCSIS 3.1 are all considered Gigabit high-speed service. It is also worth mentioning that residential and commercial customers are charged the same. Therefore, when analyzing the greatest impact on revenue growth, focusing the deployment effort on DOCSIS 3.1 in residential neighborhoods offers more density, and, as such, greater revenue impact.

Near-future PON and G.hn deployment is planned for Clear Creek Drive, E. Hersey business area, Pioneer St area of downtown, South Siskiyou Blvd business area, and eventually, Ashland St business area.

See **interactive AFN map**.

Municipal Broadband Utility

During the presentation, we will also take a look at the primary reasons why AFN exists as part of the overall discussion of its long-term objectives. Some of those attributes would include:

- Supports city government - franchise fees, internal service delivery, IT/network expertise
- Providing a public/community service - equitable service (reliable and affordable internet access to residents and businesses / assistance to low income residents; wireless public networks, low-cost hosting for school district, college and larger businesses
- Economic development goals - remote work offices; low-cost Gigabit high-speed service for businesses in existing and future commerce districts

- Supports emergency coordination efforts - to APD/AFR, and currently to Ashland Acres radio site

As of June 30, 2025 AFN's Unaudited Ending Fund Balance is $2,969,629 with a cash balance of $2,513,826.

Financial Forecast
We will discuss the 10-year model that forecasts 4 bienniums with a review of the recent biennium 2023-25. Please see attached AFN Forecast.

FISCAL IMPACTS
Currently, $1,649,491 is appropriated for capital expansion in BN 25-27, of which approximately $374,000 is carried over from the original PON Pilot Project.

Staff requests that an additional $727,000 be appropriated towards capital in this 2025-27 biennium to roll out DOCSIS 3.1 as well as concurrently deploy PON as part of the parallel plan. It is estimated that $5M over the next 7 years can be used from growing Ending Fund Balance to continue this hybrid deployment, reaching 55-60% market share and making gigabit high-speed internet available to 90% of the Ashland community. By the end of FY26, it is anticipated that over 60% of Ashland will have access to gigabit speeds.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS
Guidance is needed to determine budget supplemental that will appropriate capital spending in the biennium.

REFERENCES & ATTACHMENTS
1. AFN Model 08.14.25

AFN Net Position Forecast Model

updated: 14-Aug-25

			BN 23-25		BN 25-27		BN 27-29		BN 29-31		BN 31-33		
Year #			**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	
Fiscal Year Ending June 30,		**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**Notes**
Subscribers		4,075	4,250	4,313	*4,563*	*4,963*	*5,363*	*5,713*	*6,013*	*6,313*	*6,613*	*6,913*	
Increase			175	63	*250*	*400*	*400*	*350*	*300*	*300*	*300*	*300*	
Average Rate			$55	$55	*$55*	*$55*	*$56*	*$57*	*$58*	*$60*	*$61*	*$62*	
Market Share	12,500		34%	35%	37%	40%	43%	46%	48%	51%	53%	**55%**	Target 55-60%
Gigabit Coverage (3.1, G.hn, PON)				20%		60%						**90%**	Target: even split Pon/3.1 in 2033
Inflationary escalator					0%	0%	2%	2%	2%	2%	2%	2%	
Estimated Revenue			$ 2,805,000	$ 2,846,580	$ 3,011,580	$ 3,275,580	$ 3,610,372	$ 3,922,911	$ 4,211,489	$ 4,510,040	$ 4,818,849	$ 5,138,206	
Financial Forecast													
Actual/Forecasted Revenue			$ 2,789,598	$ 2,799,594	$ 3,060,390	$ 3,075,391	$ 3,610,372	$ 3,922,911	$ 4,211,489	$ 4,510,040	$ 4,818,849	$ 5,138,206	
Interest from Investments			142,511	132,733	110,000	100,000	130,000	130,000	130,000	130,000	130,000	130,000	
Actual/Forecasted Expenditures													
Personnel Costs*	*33%*		847,016	951,365	1,159,709	1,207,093	1,227,165	1,333,398	1,431,485	1,532,963	1,637,927	1,746,476	Includes 3% escalator
Added Personnel**						116,250	359,213	369,989					Adding 3 more staff; incl 3% escalator
Materials & Services	*45%*		1,252,332	1,358,651	1,538,897	1,555,785	1,624,667	1,765,310	1,895,170	2,029,518	2,168,482	2,312,193	Includes franchise fees to GF
Capital Outlay (actual/adopted)			337,802	288,467	980,344	669,147							Actuals/adopted budget
Capital Outlay proposed***					*363,500*	*363,500*	*800,000*	*800,000*	*800,000*	*800,000*	*800,000*	*800,000*	FY28>> $4.8M for DOCSIS 3.1 & PON
Debt			517,445	517,445	-	-	-	-	-	-	-	-	thru 2028, DOCSIS 3.1 ~ 70%
Contingency						163,844							after, start deploying PON more
Total Expenditures			2,954,595	3,115,928	4,042,450	4,075,619	4,011,045	4,268,697	4,126,655	4,362,481	4,606,409	4,858,669	
Net Excess / (Deficiency)			(22,486)	(183,601)	(872,060)	(900,228)	(270,673)	(215,785)	214,834	277,559	342,440	409,537	
Beginning Fund Balance			3,175,716	3,153,230	2,969,629	2,097,569	1,197,341	926,668	710,882	925,716	1,203,276	1,545,716	
Ending Fund Balance			**$ 3,153,230**	**$ 2,969,629**	***$ 2,097,569***	***$ 1,197,341***	***$ 926,668***	***$ 710,882***	***$ 925,716***	***$ 1,203,276***	***$ 1,545,716***	***$ 1,955,253***	
Total BN 25-27 Budget						$ 7,274,819							
10% of BN Budget						$ 727,482							
Expenditures excl debt & contingency				$ 2,598,483	$ 3,678,950	$ 3,548,275							
Minimum EFB (20% avg exp)						$ 655,047							
FTE				7.0	7.5	8.5	10.5						

Footnotes:

* Personnel Costs are based on current Actuals and Adopted Budget. Current FTE for BN 25-27 is 7.5

** Added Personnel line reflects the need to increase staff for the capital expansion plan and increased customer base

** Capital Outlay proposed line reflects the additional amounts requested this biennium and 3 future bienniums

Council Study Session

Date: August 18, 2025

Agenda Item	East Main Park Update
Department	Parks & Recreation
From	Rocky Houston, Director Ashland Parks & Recreation

TIME ESTIMATE
1 hour

CATEGORY
Staff Direction - provide direction to staff on the body's desired next steps.

SUMMARY
An update on the East Main Park Design options and process.

POLICIES, PLANS & GOALS SUPPORTED
Parks Capital Improvement Plan and item #1 in Parks Department Work Plan.

BACKGROUND AND ADDITIONAL INFORMATION
East Main Street Park began as a replacement park for the YMCA Park that was sold to the YMCA. A master plan was completed. The master plan identified concerns from the westerly neighbors opposing a park vehicular entrance off Abbot Street.

This was addressed by moving the vehicular entrance to East Main St. This required the City to annex the property into city limits because the County does not permit vehicular entrances off an arterial road. The annexation of the parkland into city limits requires street improvements to be completed on East Main Street. These improvements are estimated at $750,000 to $1 million.
At the July 9, 2025, Park Commission business meeting, staff were directed to follow-up with Community Development and Public Works then report back to the Park Commission.

Assessment
The Planning Commission and City Council would review a modified proposal in consideration of the criteria for annexation (AMC 18.5.1). AMC 18.5.8.050.E requires that adequate transportation facilities be provided for the proposed development. It is a possibility, per code, to modify the requirements.
A public open house is planned for August 14, 2025. This will serve to update the community on the phasing of the project and get input on the options to align the project with the current budget. Staff have reviewed the Park's Capital funds and projected the ending balance after FY26-27 capital projects are executed. The current projection is roughly $500,000 to $700,000. These funds could be transferred to this project, but it would impact future capital projects.

Staff is proposing the following options for review at the public meeting:

- Terminate/Cancel project
- Identify reductions to Phase I
- Consider change in parking lot location and seek modification of annexation conditions to remove East Main Street improvements
- Cancel other projects and/or use capital project fund reserves

Next Steps
Staff will hold the public open house and then present to the project to the City Council on August 18, 2025.

FISCAL IMPACTS
The adopted capital budget for the project is $2.5 million. The utilization of any additional capital funds, above the allocated budget, would require a budget amendment. This would impact the Department's ability to implement other capital projects in this biennium and in the future.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS

REFERENCES & ATTACHMENTS
None