

The Isles of Sarasota – Bulk TV and Internet Agreement
Recommendation to Board of Directors
October 19, 2022

Background

The Isles of Sarasota has had a bulk TV agreement with Comcast/Xfinity in place since initial development. The current contract expires on June 28, 2023. The HOA faces three decision points that it must address:

- Do we maintain a bulk agreement
- Do we include both TV and Internet service in any agreement
- Do we install a new fiber optic infrastructure

The board currently has in front of it three proposals to provide both services and construct a fiber optic network. The proposals are from Comcast, Blue Stream, and Hotwire

Recommendation

The recommendation to the Board of Directors of The Isles is to accept the proposal presented by Blue Stream Fiber.

For analysis please review the narrative below.

Request for proposal from vendors

The Board engaged Community Cable Consultants, Inc. (CCC) to assist in reviewing alternatives and obtaining proposals from several providers.

CCC sent Requests for Proposal (RFP) to the following companies:

- Comcast/Xfinity
- Blue Stream Fiber
- Frontier Communications
- Hotwire Communications

Comcast, Blue Stream, and Hotwire responded to the RFP, Frontier declined to participate. The Comcast and Blue Stream proposals each provided three alternative service configurations, and Hotwire offered one option.

- Comcast – a 5 year renewal of the current TV only contract, a 5 year TV and Internet contract on the existing infrastructure, and a 10 year TV and Internet contract using a new infrastructure of fiber optic cable to the home.
- Blue Stream – a 10 year TV only contract, a 10 year Internet only contract, and a 10 year TV and Internet contract. All of these options include a new fiber optic infrastructure.
- Hotwire – a 10 year TV and Internet contract using a new fiber optic infrastructure.

Determination of owners' preferences

Owners have expressed differing preferences regarding TV and Internet services. Some owners would like to see an agreement continue, but only for TV service, not Internet. The majority of owners would prefer a bulk agreement that includes TV and Internet.

At a board meeting on August 17, 2022, the board made a presentation of the bulk agreement alternatives. After the presentation, a straw poll was taken of the owners in attendance, both in person and via Zoom. A large majority appeared to be in favor of maintaining a bulk agreement, including Internet service in the agreement, and constructing a fiber optic network connected to each home.

The Board distributed a survey to the owners in September, 2022, in which they were asked to share their preferences on those same three questions. Results were as follows:

Response rate of 38% (254 responses)

- Maintain bulk agreement – Yes, 89% (227 out of 254)
- Add Internet to the agreement – Yes, 88% (224 out of 254)
- Install a fiber network – Yes, 79% (200 out of 254)

Based on these results, a decision was made to limit further exploration to only the proposals that met those parameters; a bulk agreement, which includes Internet, using a fiber optic network.

Initial Proposals

All three companies provided hard copy proposals to the HOA. Blue Stream and Hotwire delivered their proposals during an onsite sales presentation. Comcast discussed their proposals via a Zoom session.

The initial onsite presentations were attended by the Property Manager, and one or two board members. Each board member was able to experience the presentations individually, either in person or via Zoom. There were never more than two board members in attendance at any one session.

Investigation and Analysis

We worked closely with Blue Stream and Hotwire, analyzing their proposals. We looked at product offerings as far as technology used, TV tier offered, Internet speed offered, and financial costs.

Together with CCC we engaged in several rounds of negotiations, attempting to obtain contract terms that were most favorable to the association.

We contacted existing customers of each company and inquired about their experience. Some of these were provided by the vendors themselves, but we were also able to speak with customers who we uncovered independent of each company.

We used the following questionnaire when speaking with each reference. For obvious reasons we did not do any reference calls for Comcast.

- What provider did you use before?
- What other vendors did you consider?
- Was there a particular deciding factor in your choice?
- How was the change received by the owners?
- What were their major objections?
- What problems arose in various parts of the process; construction, home installation, user education and training?
- How is the ongoing service?
- Are there any specific issues that have come up, and how has the vendor's response been?
- How do the residents feel about the change now?
- Would you make the same choice again?

The responses were very favorable across the board for both vendors.

We created a model, which we used to score each of the three providers. The model included all items that were objective and measurable. The companies ranked as follows, from best score (lowest) to worst (highest) score. This scorecard has been shared with the members of the board.

- Blue Stream – 20
- Hotwire – 22
- Comcast – 31

Decision Phase

Comcast/Xfinity

In looking at all of the data, it became clear that Comcast falls far short of both Blue Stream and Hotwire in many areas.

- Their communication was subpar during the process. After the initial Zoom call they never contacted us again. It gave the impression that retaining our business was not that important to them.
- Their proposal did not contain an option to remove TV service from the agreement at some point in the future. Both Blue Stream and Hotwire offer such a provision. This option is very important given the uncertainty of the future of cable TV, (cord cutting, increased streaming, etc.).

- Their proposal fell far short on the Internet speed offered, a crucial piece of any agreement that we would consider. The Comcast offering included transmission data speed of 300/25 (download/upload). Both Blue Stream and Hotwire offered 500/500.
- Their current buildout timeline for Comcast fiber installations is between 12 and 18 months. Blue Stream and Hotwire would begin network construction within 30 days of signing a contract.
- Their proposal also fell short financially. The monthly fee charged to the association would be \$82.00 per home, including estimated taxes and fees. That is three dollars higher than both Blue Stream and Hotwire. The door fee offered is \$200 per door, for a total of \$135,400. In contrast, Blue Stream and Hotwire both offered \$350 per door, for a total of \$236,950.

Blue Stream vs. Hotwire

The final proposals from Blue Stream and Hotwire are almost identical in all respects. There are a couple of very minor differences that lean in favor of either vendor. The financial elements are identical and would have the same effect on the budget.

Given that the proposals are the same in terms of product offering and financial impact, I have to look to the companies themselves.

I have no doubt of either companies' commitment to a successful partnership with The Isles. As the first client in Palmer Ranch for either of them, they are keenly aware of the value of The Isles. I have worked extensively with resources from both of these companies since April, 2022.

I have felt more of a dedication and drive from Blue Stream. Our sales representative has either checked in via phone, or made a visit to the office, nearly every week for the past four months. I have been in contact with the Hotwire representative about once or twice a month over the same period.

Hotwire's VP of Residential Sales attended the first presentation that they made at The Isles town center. I have met Blue Stream's VP of Community Development five or six times during this process.

The Blue Stream network design team did a site survey of The Isles. During the visit they reviewed the community overall, and visited five different homes to determine feasibility and plan installations to the home. They had an initial network design for The Isles drafted by early September.

The CEO of Blue Stream has reached out personally to The Isles to see if there is any additional information we need to help us make a decision.

Blue Stream has placed TV set top boxes in select homes in The Isles for use testing, something that was not offered by Hotwire.

Blue Stream wireless services inside of the home are supported by what many think is the best technology in the industry. Blue Stream selected Plume as it provides better and more consistent speeds to all devices in the home, better technical support capabilities and better

security that is included at no cost. Other devices like those from Eero or Netgear do not work the same way and can struggle with high bandwidth services like 4k.

Blue Stream is the largest North American TiVo IP system with over 30 million streams (shows and movies) watched each month. The system has been running for over 3 years, and Blue Stream was nominated by TiVo for Innovator of the Year.

Blue Stream developed their training approach based on the AARP standards for training seniors, which makes a big difference in getting a community up to speed and enjoying their services.

One of the important elements of this decision is the ability to opt out of TV service in the future. Blue Stream's contract reflected what was in their initial proposal. While Hotwire's proposal also offered an opt out, there was no clause in the contract indicating that. I had to bring that to their attention. Hotwire does have a clause in their contract requiring disclosure of all elements of any competing proposals we receive in the future. In other words, if after this contract we wanted to test the market, we would need to share the details of any other proposals that we receive. Of course, we would never sign a contract with this kind of proviso, but I admit that it did give me pause

None of these things I've mentioned individually are necessarily game changers, nor are they indicative of anything other than differing business cultures. In my opinion, Blue Stream, as a company, would be a better fit for The Isles.

Respectfully submitted by:

John Savage, President
The Isles of Sarasota Board of Directors