



# **OREM CITY INTERNET FEEDBACK SURVEY**

CONTEXT FOR DECISIONS ABOUT UTOPIA



# 6

- 1 We surveyed a large representative sample of Orem residents via **utilities accounts and UVU student registration records**.
- 2 Current Orem Internet capabilities and ISP ratings are **comparable to statewide numbers**.
- 3 **UTOPIA and the associated Macquarie deal are divisive**, with the opposition possessing more closely-held opinions, though overall favor/oppose is close.
- 4 Supporters of the deal tend to **see Internet as a utility, have higher incomes, and be dissatisfied with current ISP**.
- 5 Opponents of the deal tend to **see Internet as a luxury and be extremely satisfied with current ISP**.
- 6 The most important criteria for any deal are **openness and partner competence**.

THINGS TO REMEMBER

# **SURVEY METHODOLOGY**

## MINIMIZING ERROR

# SURVEY METHODOLOGY



Sampling frame consisted of a combined universe of every household in the Orem City utilities accounts and the city newsletter databases, plus a sample of students living in Orem who attend Utah Valley University.

97%

Duplicate email addresses were discarded. In total, we emailed 18,251 invitations. 607 bounced due to either incorrect email addresses or high spam filter settings, resulting in a deliverability rate of 97%.

22%

Of the 17,644 delivered invitations, 3,885 citizens responded with 3,043 completed online surveys. This results in a response rate of just over 22%. Each email address could respond only once.

+2  
-

3,043 interviews among an estimated adult population of 61,612 results in a margin of error for the survey of plus or minus 2 percentage points. Responses were weighted to better approximate city demographic composition.

# SURVEY INVITATION

Survey was introduced as an official city-sponsored survey with academic support.

*Subject: Official Orem City Survey*

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*Hello there,*

*We invite you to participate in a special citywide survey of Orem residents and business owners. The purpose of the survey is to ask for your input about important issues facing Orem. This survey has a special focus on technology, including questions about important upcoming policy decisions. The results will be used during official city deliberations.*

*Your participation is very important and will help make the survey accurate. This online survey takes about 15 minutes to complete and your answers are completely confidential.*

*To take the survey click on the link below:*

*[Take the survey](#)*

*Your participation is very important and will help to shape Orem's future.*

*Sincerely,*

*Orem Mayor, City Council, and Quin Monson, Ph.D., Y<sup>2</sup> Analytics*

# SURVEY INVITATION

Citizens were offered details about the researchers & given option to unsubscribe.

*Subject: Official Orem City Survey*

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*\*\*\* Frequently Asked Questions \*\*\**

*Who is Y<sup>2</sup> Analytics?*

*Y<sup>2</sup> Analytics is a research firm located in Salt Lake City. We are conducting the survey on behalf of the staff and elected officials of Orem City.*

*How did you get my email address?*

*Your email address was pulled from a city list of Orem residents and business owners.*


*Can you take my name off this list and stop contacting me?*

*Yes. Click on the link below to opt out of any further contact about this survey.*

*Follow the link to opt out of future emails:*

*[Click here to unsubscribe](#)*

**176** invitees (or less than 1%)  
unsubscribed from the  
survey email list

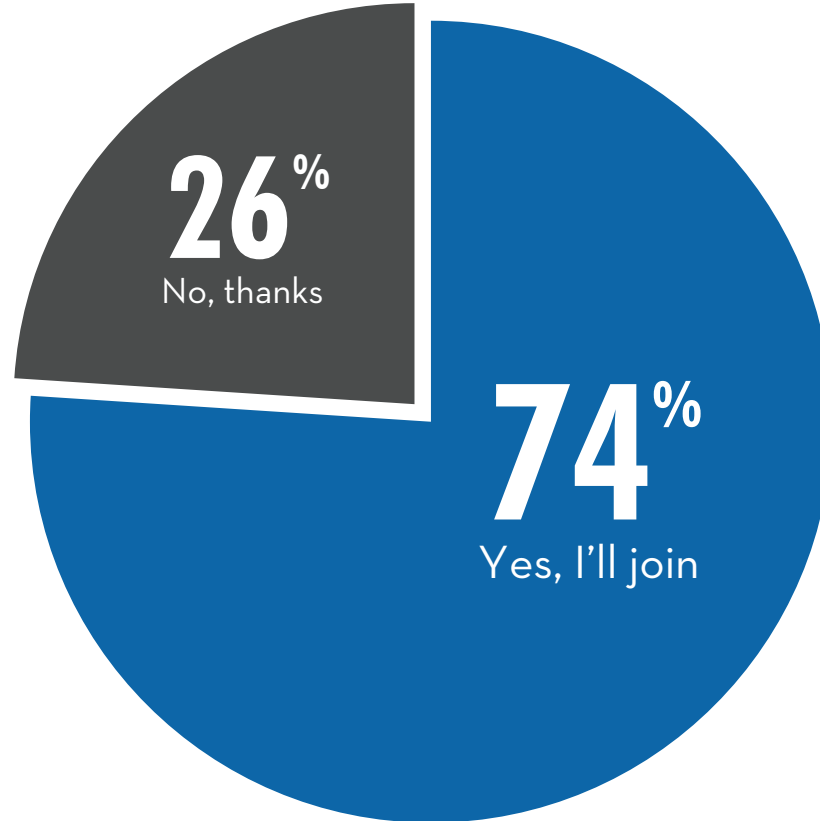


# CITIZEN PANEL INVITATION

A supermajority of survey participants agreed to participate in future research.



*Now that you have completed this Orem Citizens Survey, we would like to invite you to join the Orem Citizens Panel...**Would you like to participate in future Orem Citizens Surveys?***



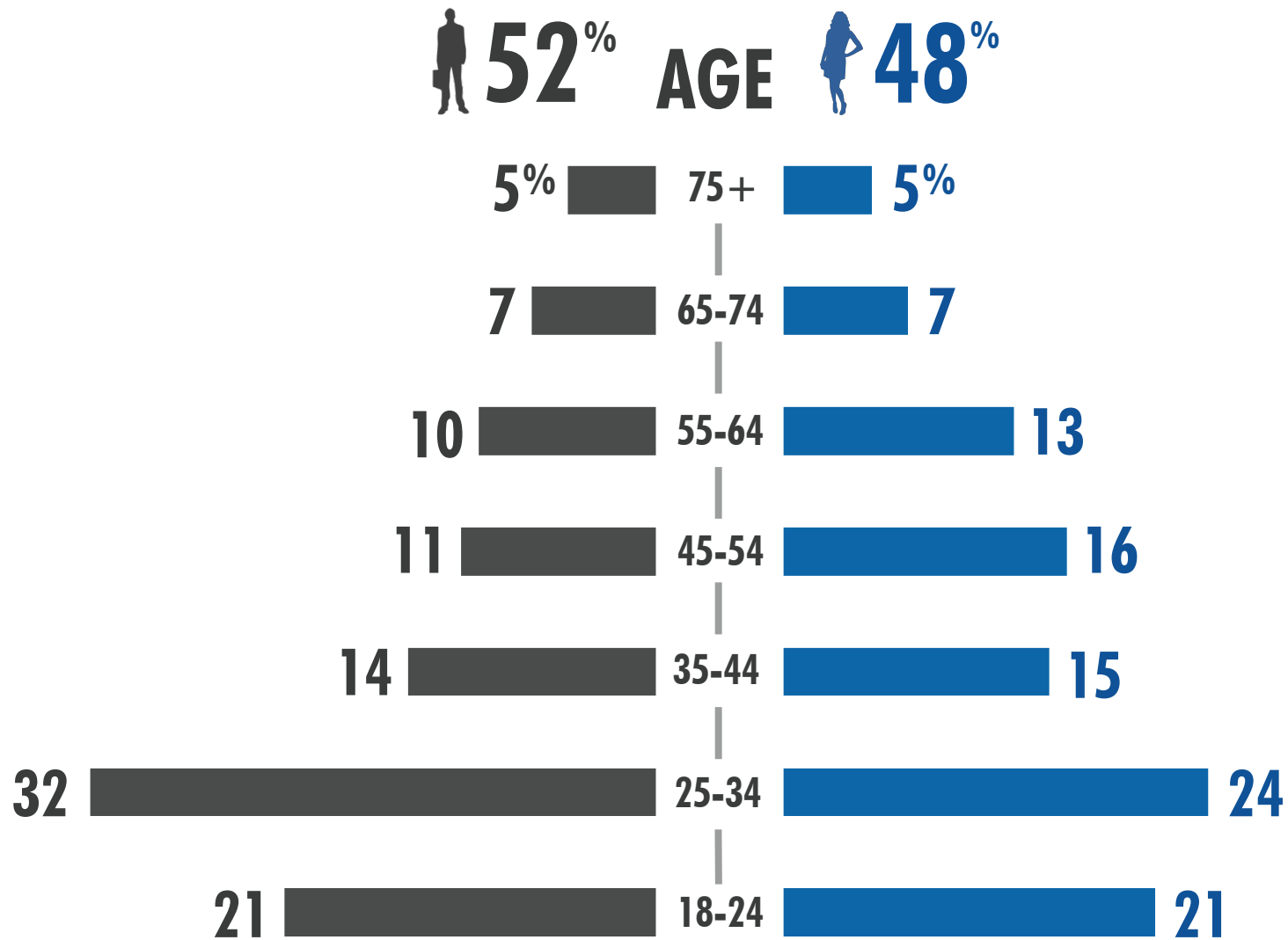
# **RESPONDENT DEMOGRAPHICS**

REPRESENTATIVE OF OREM CITY



# RESPONDENT DEMOGRAPHIC COMPOSITION

Age and gender demographics are very close to census estimates from 2012.

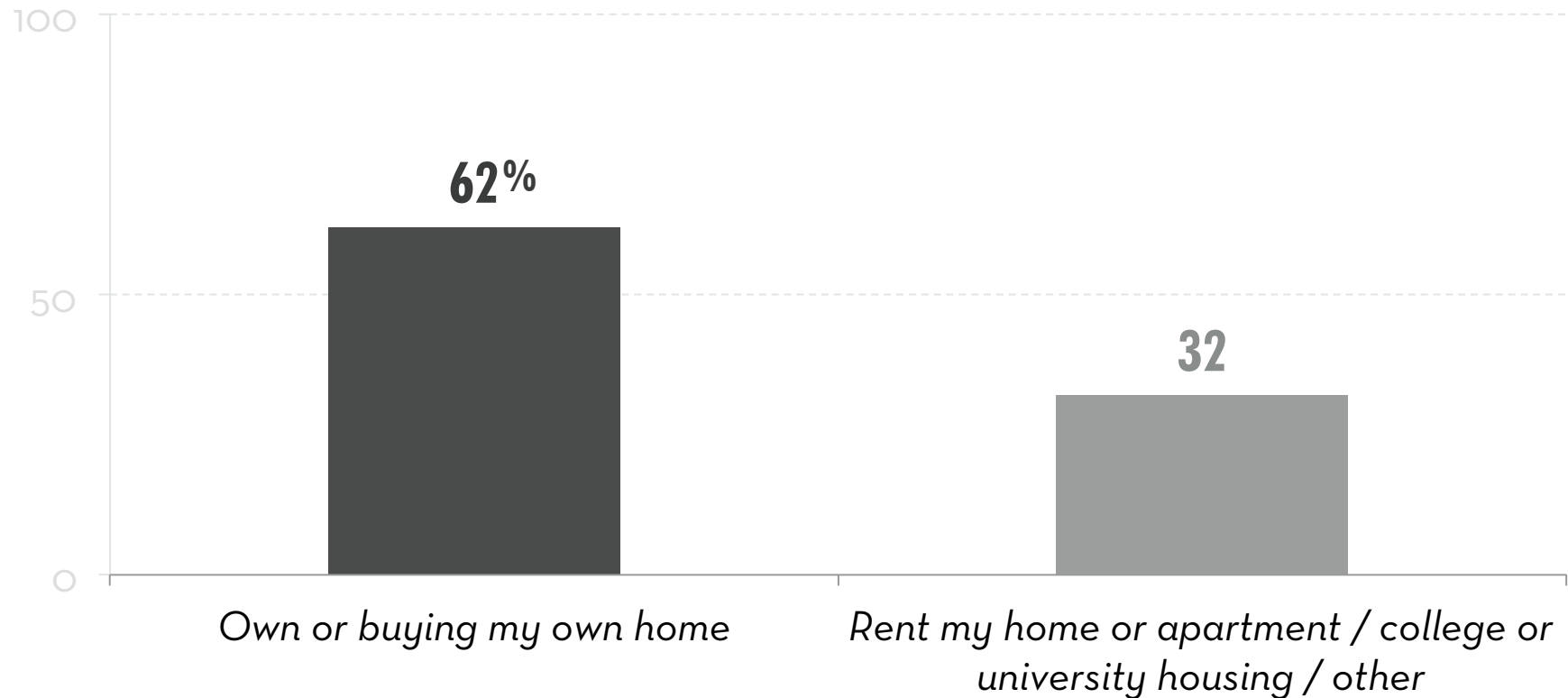


# RESPONDENT HOUSING SITUATION

Survey also represents both homeowners and renters in the city.



Which of the following best describes where you are **currently living**?



# **CITY DIRECTION & PRIORITIES**

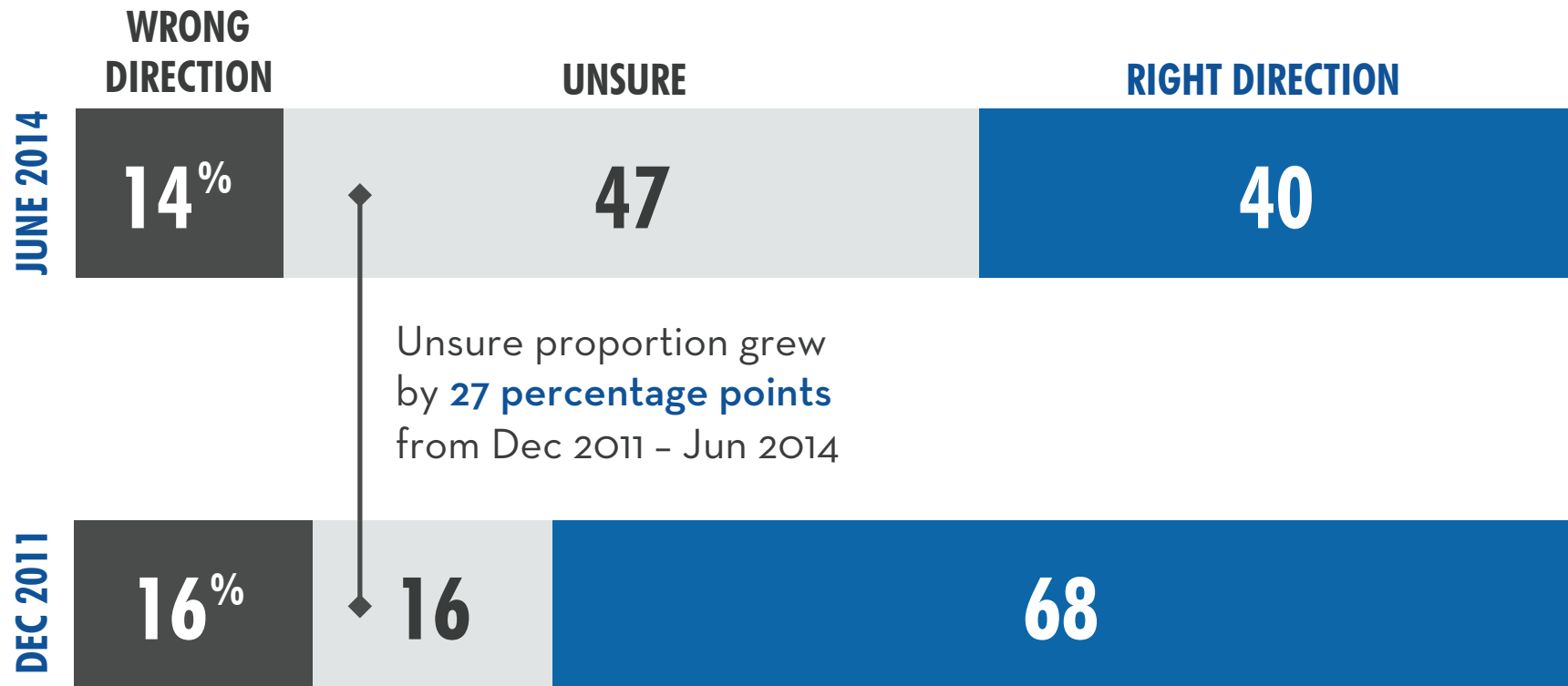
MORE UNSURE, UTOPIA DIVISIVE

# OVERALL DIRECTION

Compared to 2011, city residents are less sure of the current direction of Orem.



Overall, would you say the *city of Orem is headed in the right direction or the wrong direction?*

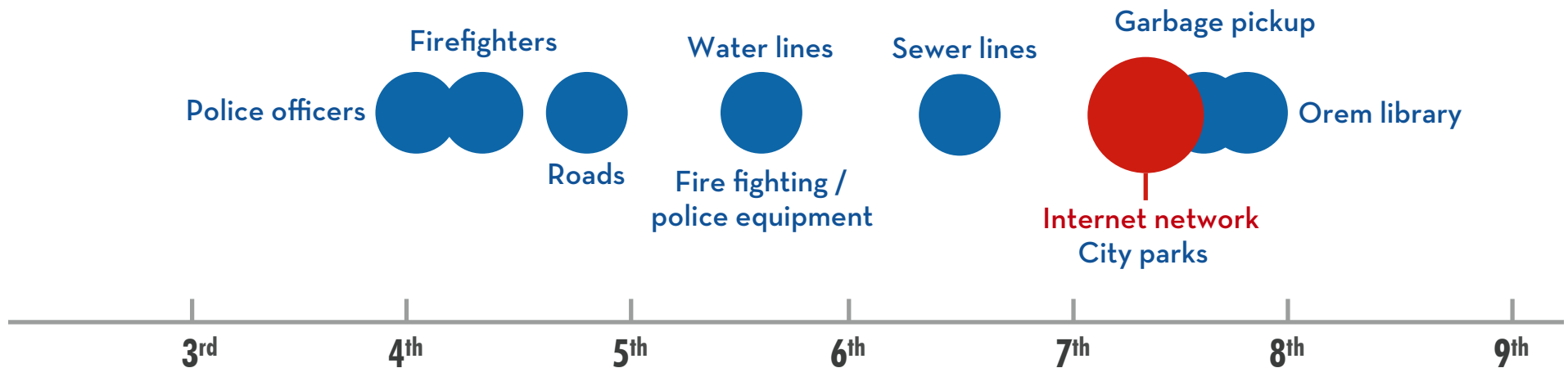


# BUDGET PRIORITIES

In a list of eleven funding options, police, fire, parks, and roads came in as the highest priorities. Internet network, on average, is prioritized at #7.



Below is a list of Orem infrastructure funding options. Please select and drag the items into priority order where **the top item is the HIGHEST PRIORITY** and the bottom item is the **LOWEST PRIORITY**.



Note: Size of the bubble indicates volatility of the priority. The bigger the bubble, the more divided respondents were on priority placement.

# BUDGET PRIORITIES

But the average ranking does not tell the entire story – Internet network funding is actually the most divisive of the infrastructure priorities.

FUNDING PRIORITY	1 <sup>ST</sup> PRIORITY	11 <sup>TH</sup> PRIORITY
Police officers	28%	4%
Roads	19	3
<b>Internet network</b>	<b>17</b>	<b>36</b>
Water lines	10	3
Firefighters	8	1
Police equipment	4	7
City parks	4	9
Fire fighting equipment	3	3
Orem library	4	15
Sewer lines	2	6
Garbage pickup	2	13

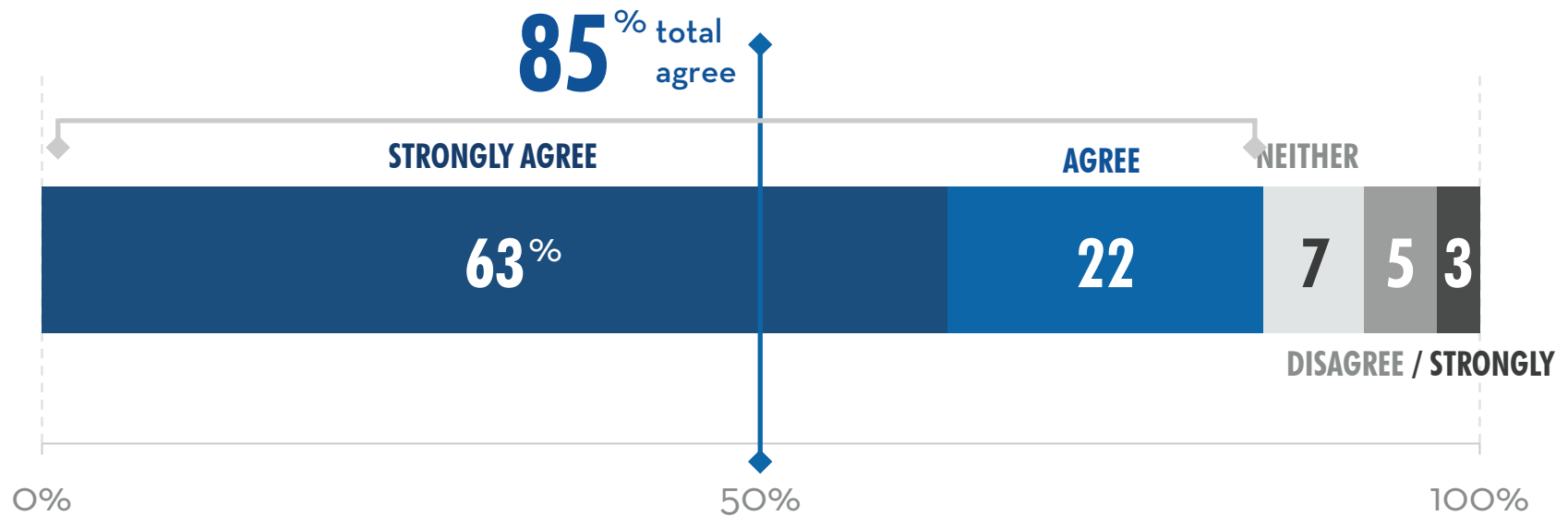
# **RESIDENTIAL INTERNET USE & ISP PERFORMANCE**

# INTERNET NEED AT HOME

A supermajority consider Internet access to be essential to their home life.



*Do you agree or disagree with the following statement:  
I need to have access to the Internet every day.*



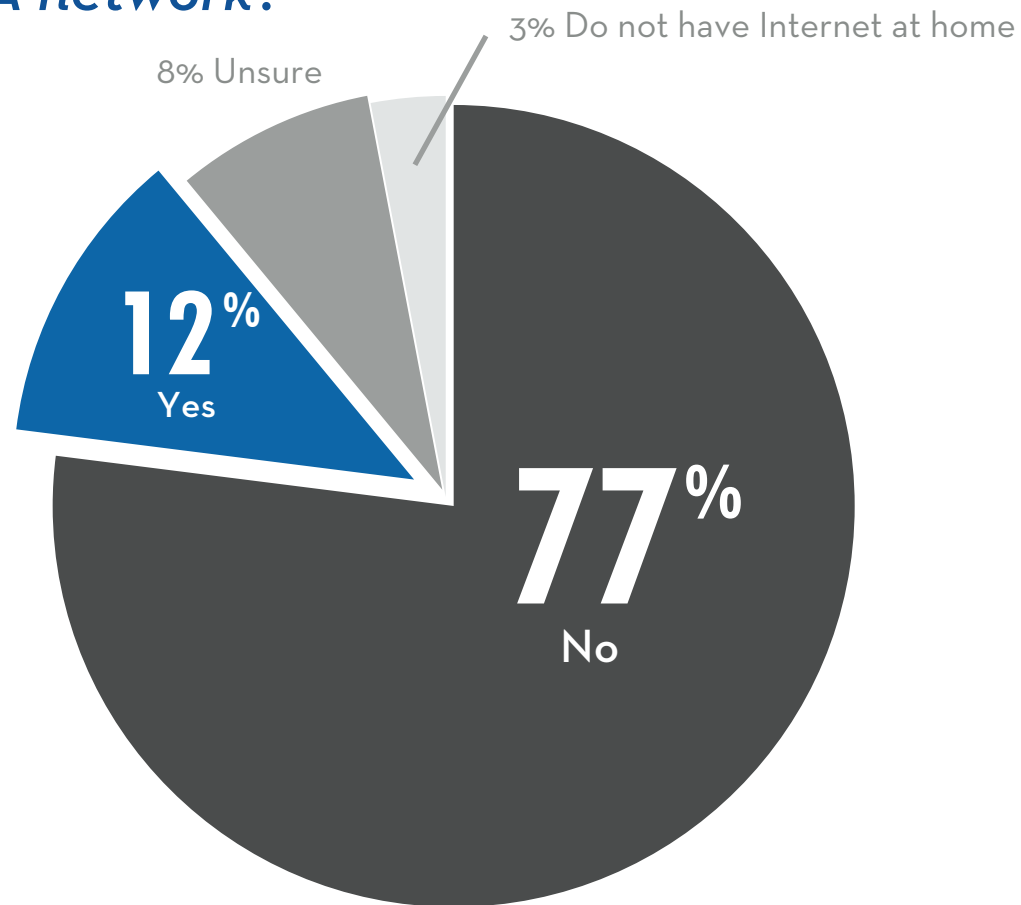


# UTOPIA RESIDENTIAL CUSTOMERS

Nearly every respondent who has UTOPIA service knew they were a customer.

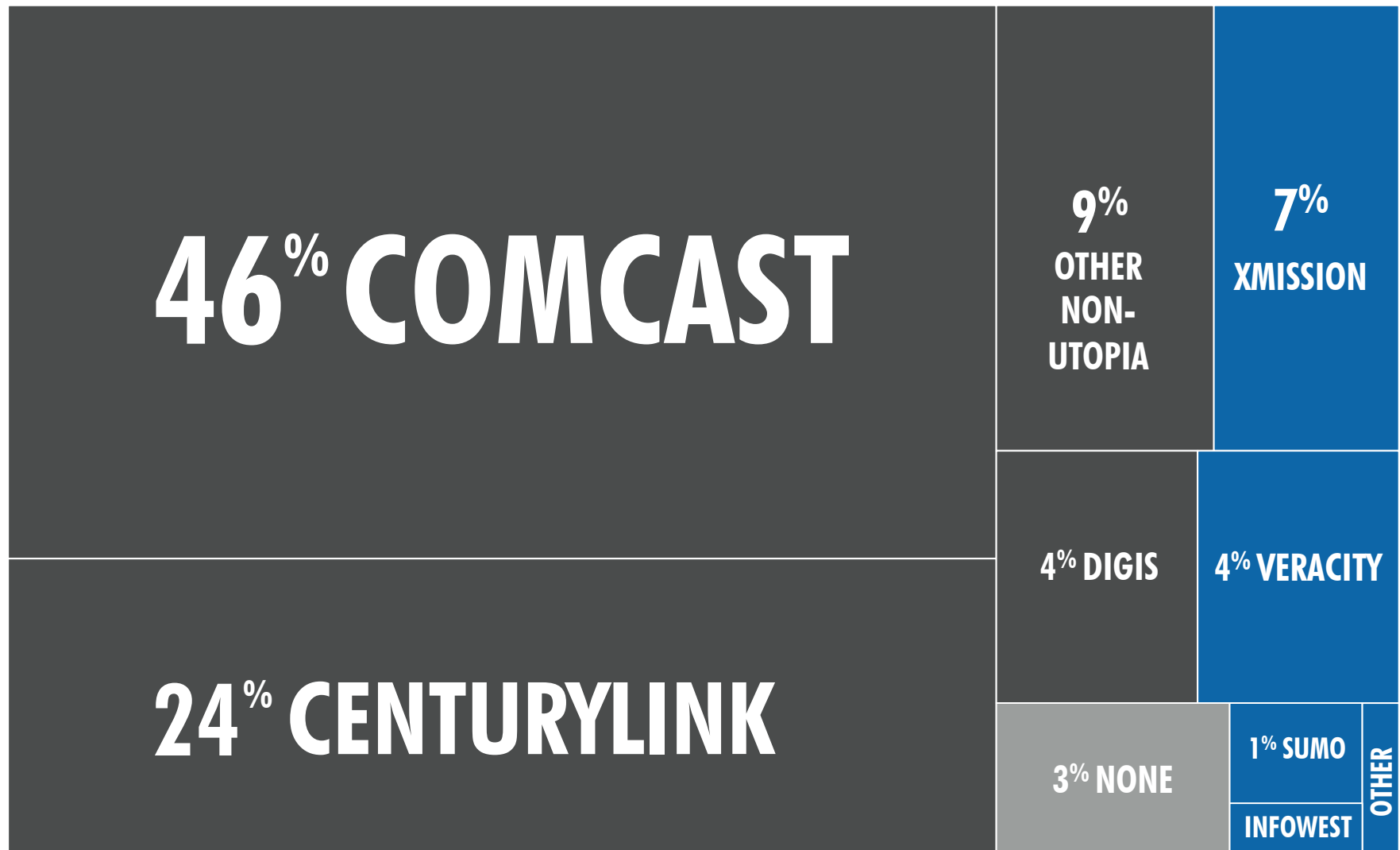


At home, do you connect to the Internet *through the UTOPIA network?*



# OREM RESIDENTIAL ISP MARKET SHARE

Comcast & CenturyLink combined hold nearly 70% of the home ISP market.





# RESIDENTIAL ISP CHOICE REASONING

Price, speed, availability and service cited as top reasons to choose an ISP.



What would you say is the **main reason you chose this Internet provider** for your home?

*"It's the only one that comes to my house I hate it!!!!"*

*"The pricing was good and it was available for my home, and at a speed that I desired."*

*"I bundle with lots of services."*

*"Comcast was the better option for private providers. I would like to have UTOPIA but live in a condo and was told it's not an option for multi-resident dwellings."*

*"Price and convenience... and lack of other real options."*

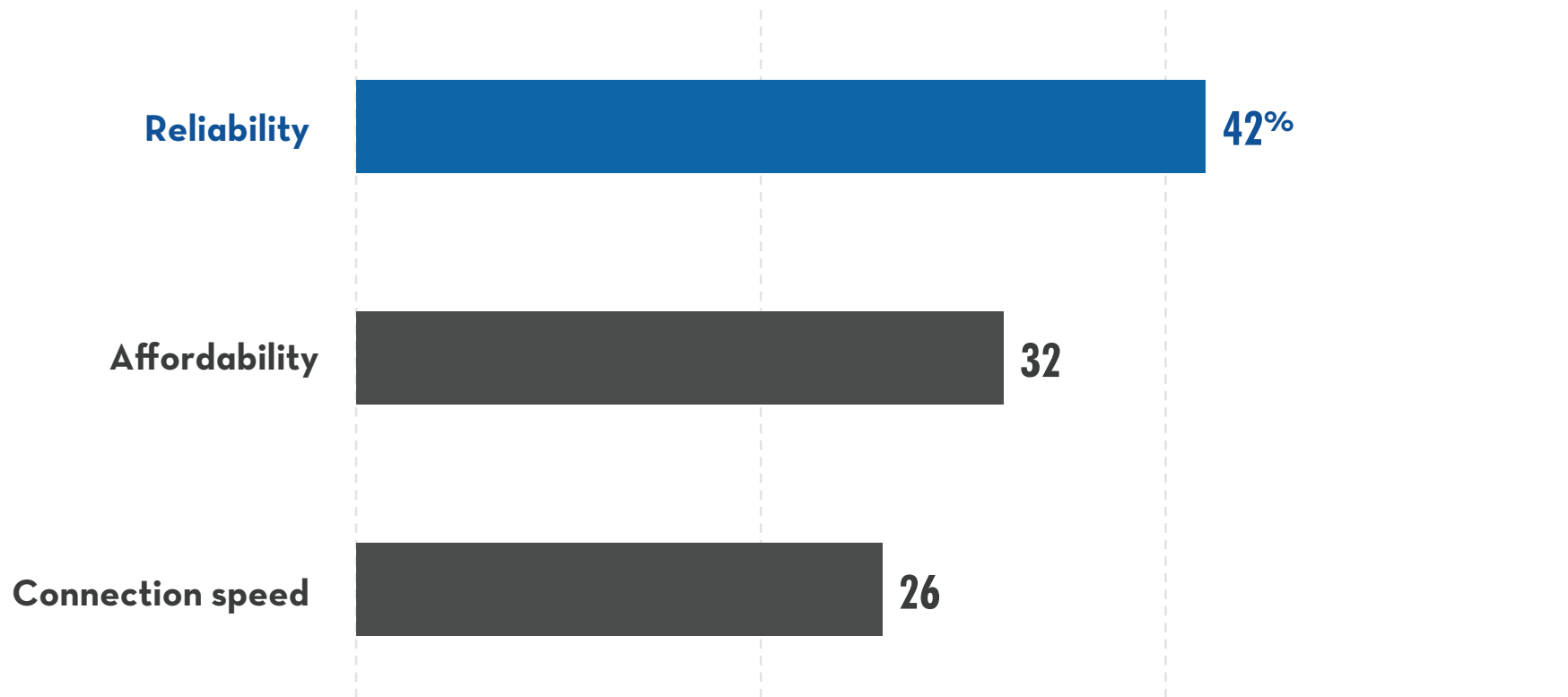
*"They had competitive prices."*

# OREM PRIORITIES FOR RESIDENTIAL INTERNET

In Orem, the primary concern of Internet users is reliability.



*When thinking about access to the Internet, what do you think is the most important feature?*

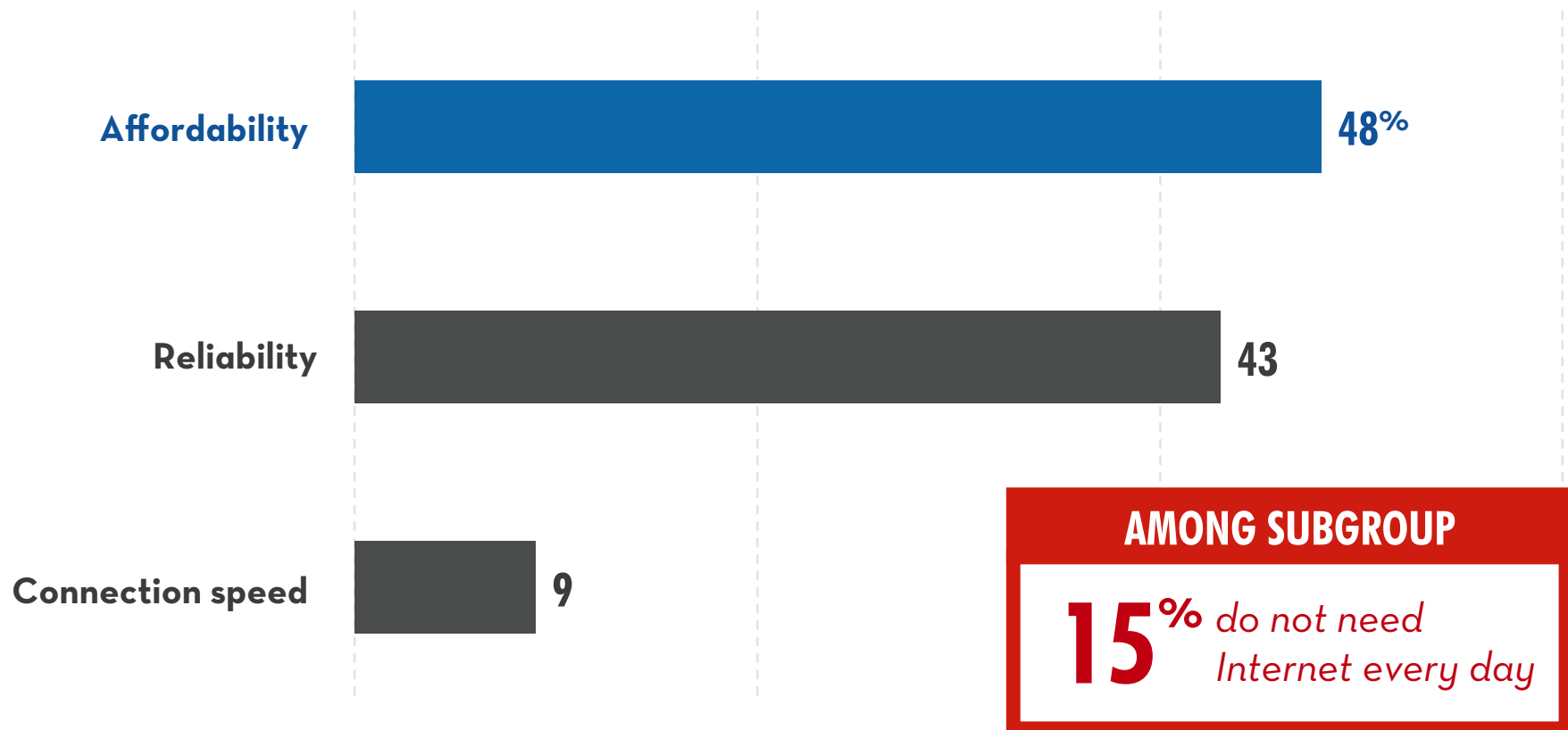


# OREM PRIORITIES FOR RESIDENTIAL INTERNET

Among less-than-daily Internet users, the highest concern is affordability.



When thinking about access to the Internet, what do you think is *the most important feature?*

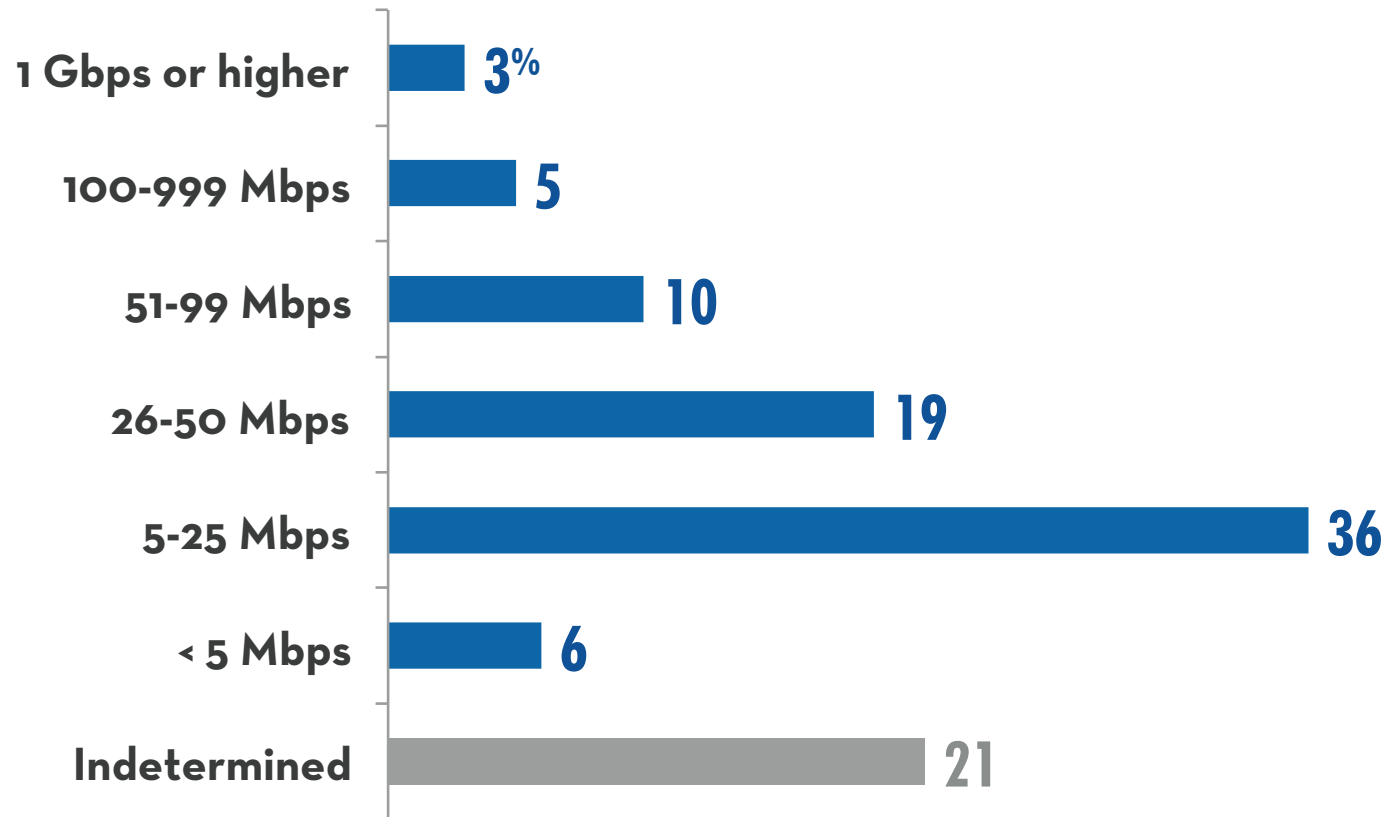


# RESIDENTIAL ISP SPEEDS

The mode Internet speed in Orem households is 5-25 Mbps.



At home, around *what download speed do you get from your Internet provider?*

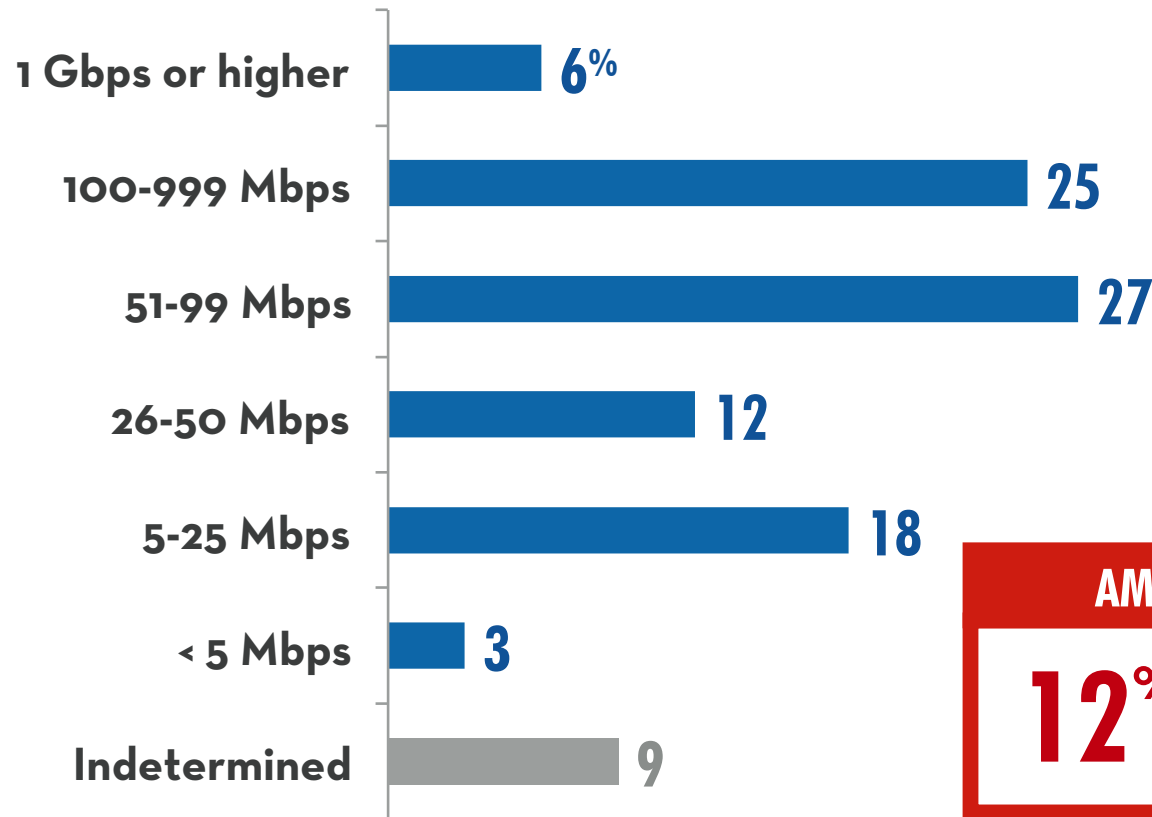


# RESIDENTIAL ISP SPEEDS OF UTOPIA CUSTOMERS

The mode Internet speed among UTOPIA households in Orem is 51-99 Mbps.



At home, around *what download speed do you get from your Internet provider?*



**AMONG SUBGROUP**

**12%** UTOPIA network customers

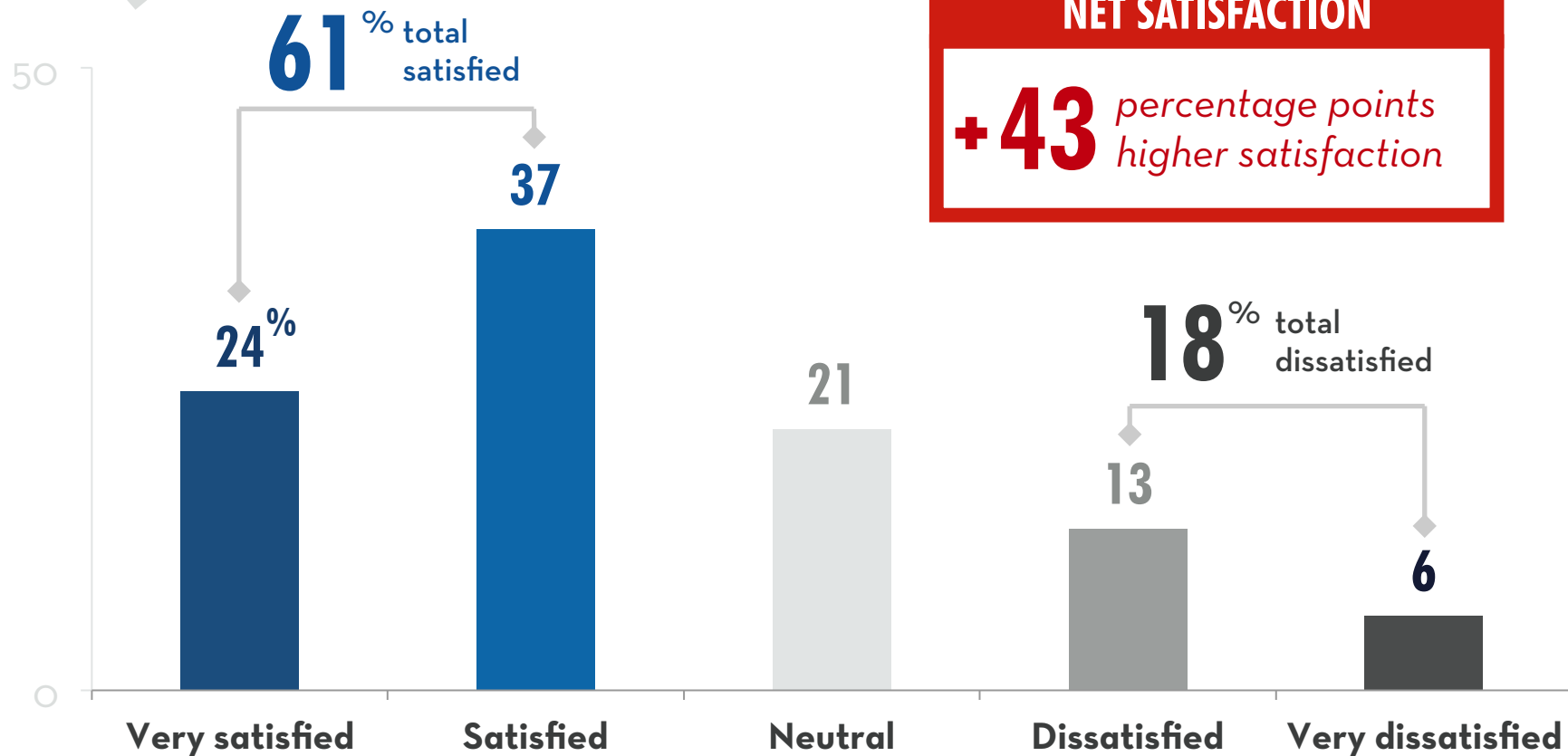


# HOME ISP SATISFACTION

Net satisfaction with Orem residential ISP is +43, while statewide it is +49.



*How satisfied are you with your current home Internet provider?*

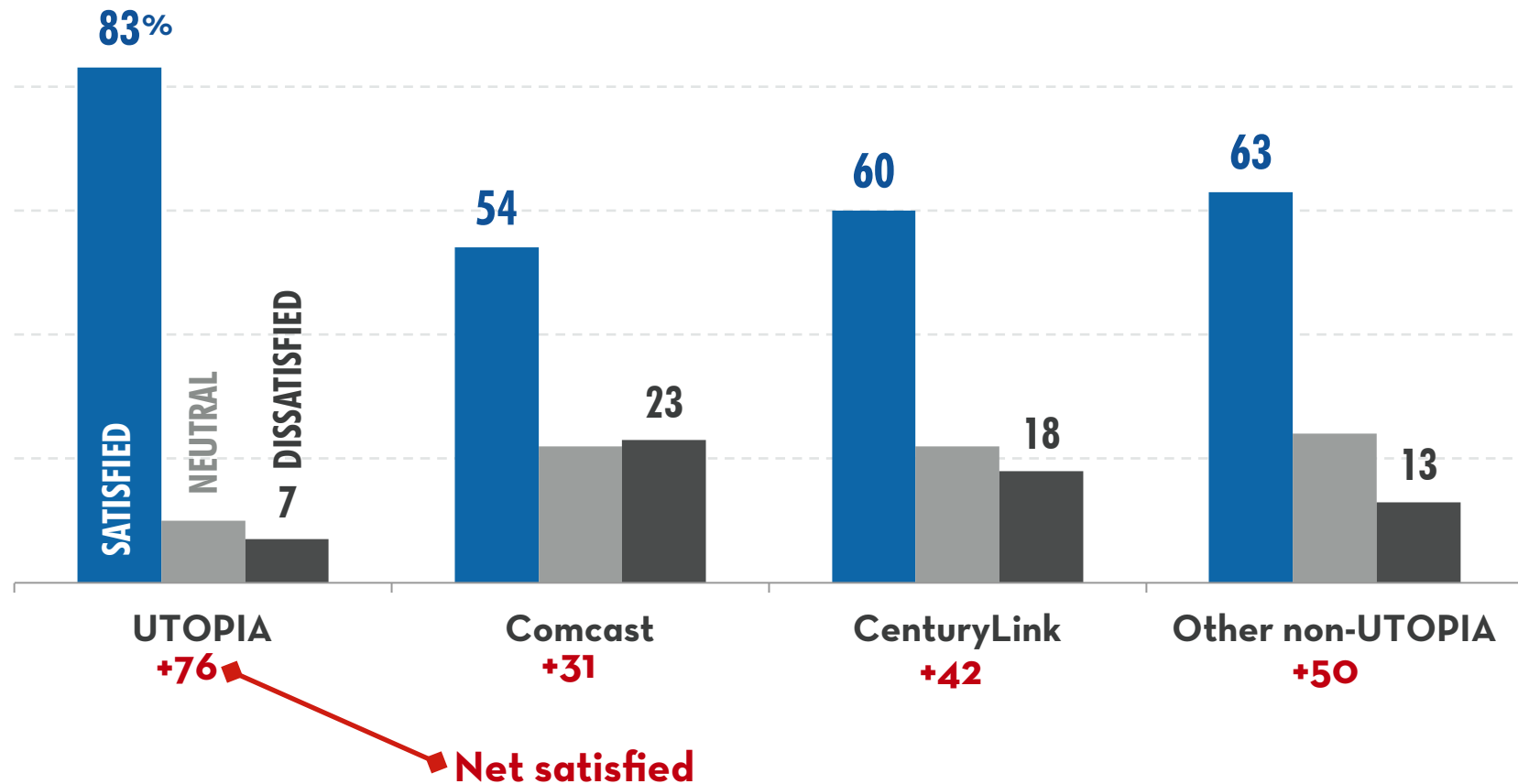


# HOME ISP SATISFACTION BY NETWORK IN OREM

The best satisfaction scores go to fiber customers.



*How satisfied are you with your current home Internet provider?*

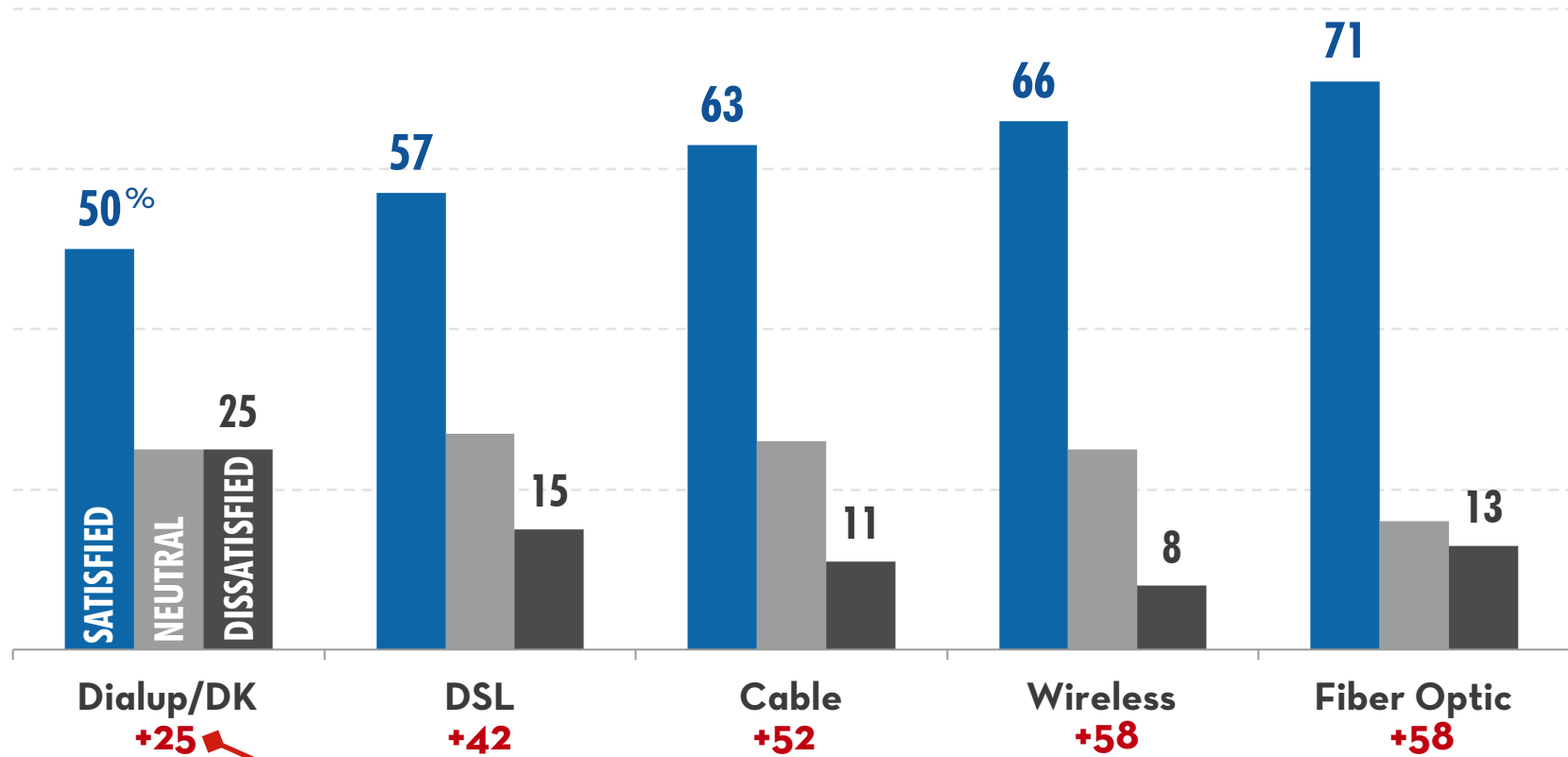


# HOME ISP SATISFACTION STATEWIDE

Across Utah, the best satisfaction scores are correlated with faster Internet speeds.



*How satisfied are you with your current Internet provider?*



**Net satisfied**

Source: 2013 ULCT Technology Survey

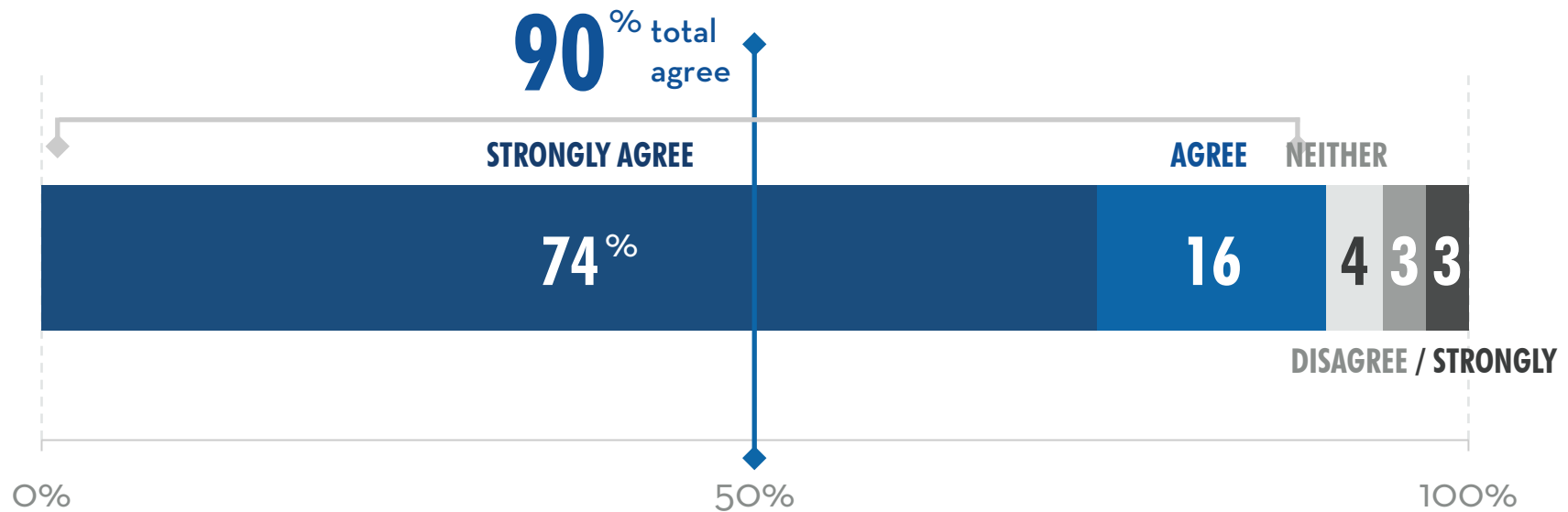
# **BUSINESS INTERNET USE & ISP PERFORMANCE**

# OREM BUSINESSES INTERNET NEED

Businesses overwhelmingly consider Internet access to be essential.



Do you agree or disagree with the following statement: *My business needs to have access to the Internet every day.*

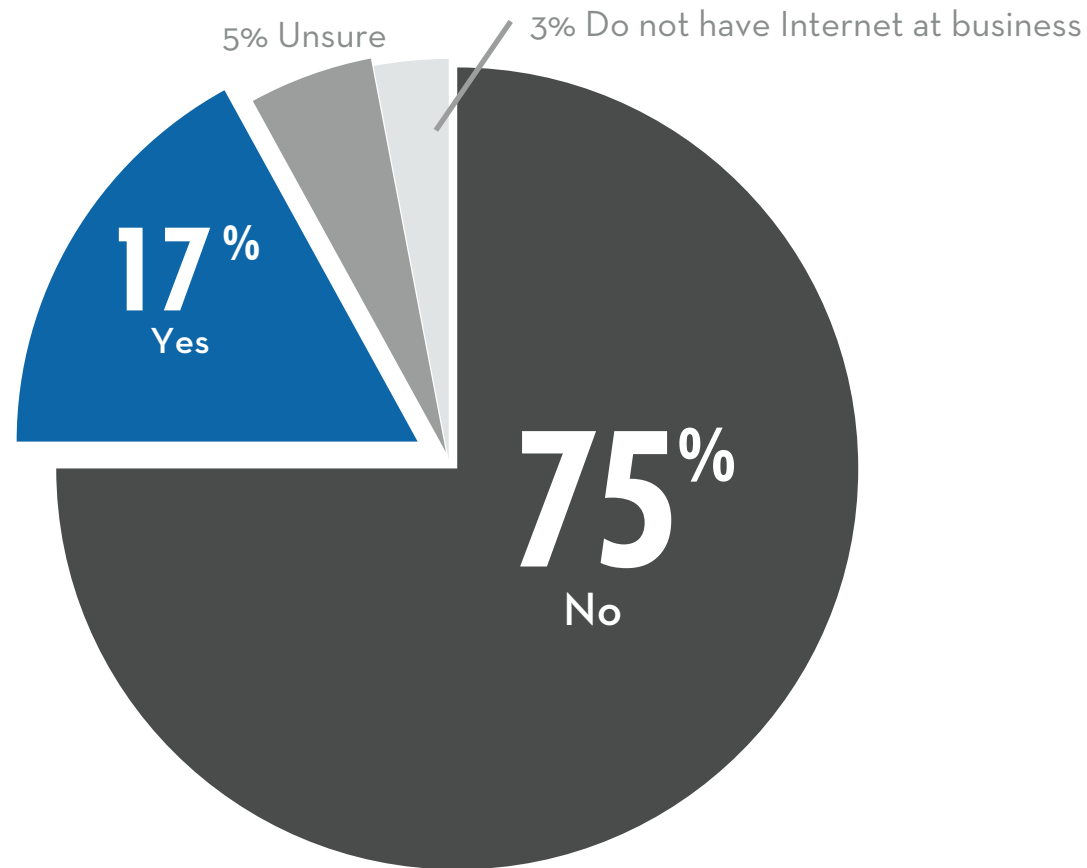


# UTOPIA BUSINESS CUSTOMERS

Nearly every respondent who has UTOPIA service knew they were a customer.

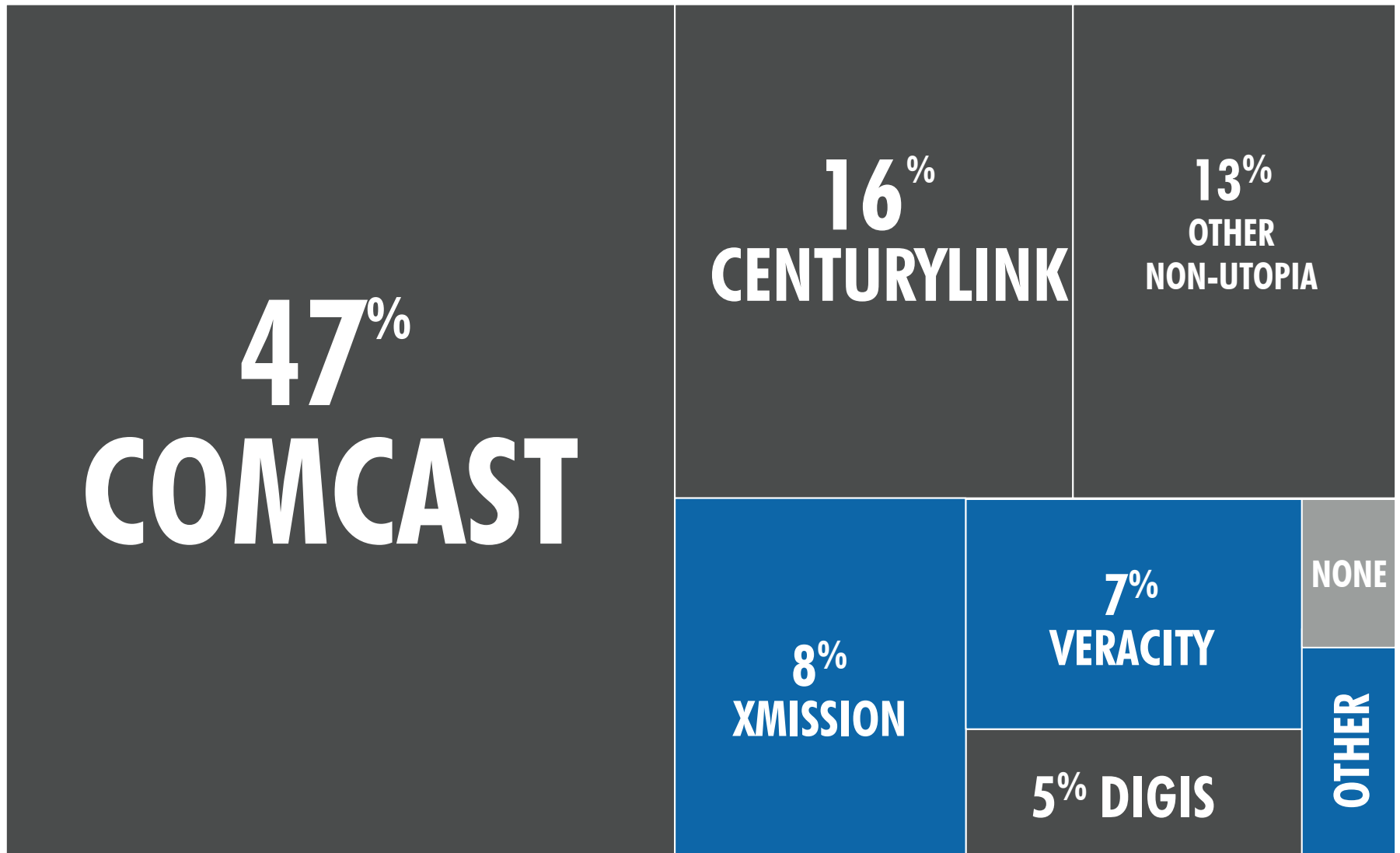


*At your business, do you connect to the Internet through the UTOPIA network?*



# OREM BUSINESS ISP MARKET SHARE

Comcast & CenturyLink combined hold well over 60% of the business ISP market.



# BUSINESS ISP CHOICE REASONING

Price, availability and service cited as top reasons to choose an ISP.



What would you say is the *main reason* you chose *this Internet provider* for your business?





# BUSINESS ISP CHOICE REASONING

Price, availability and service cited as top reasons to choose an ISP.



What would you say is the **main reason you chose this Internet provider** for your business?

*“UTOPIA is not near enough to connect to.”*

*“Cheapest, some others not available.”*

*“Fast and reliable speed.”*

*“It provided my phone service. I do not like the current service and looking for a better option. New option needs to be affordable, reliable, and fast.”*

*“They were the ONLY ones besides Comcast that serviced that area, and I've had some rough experiences with Comcast in the past. So we went with them. We had to.”*

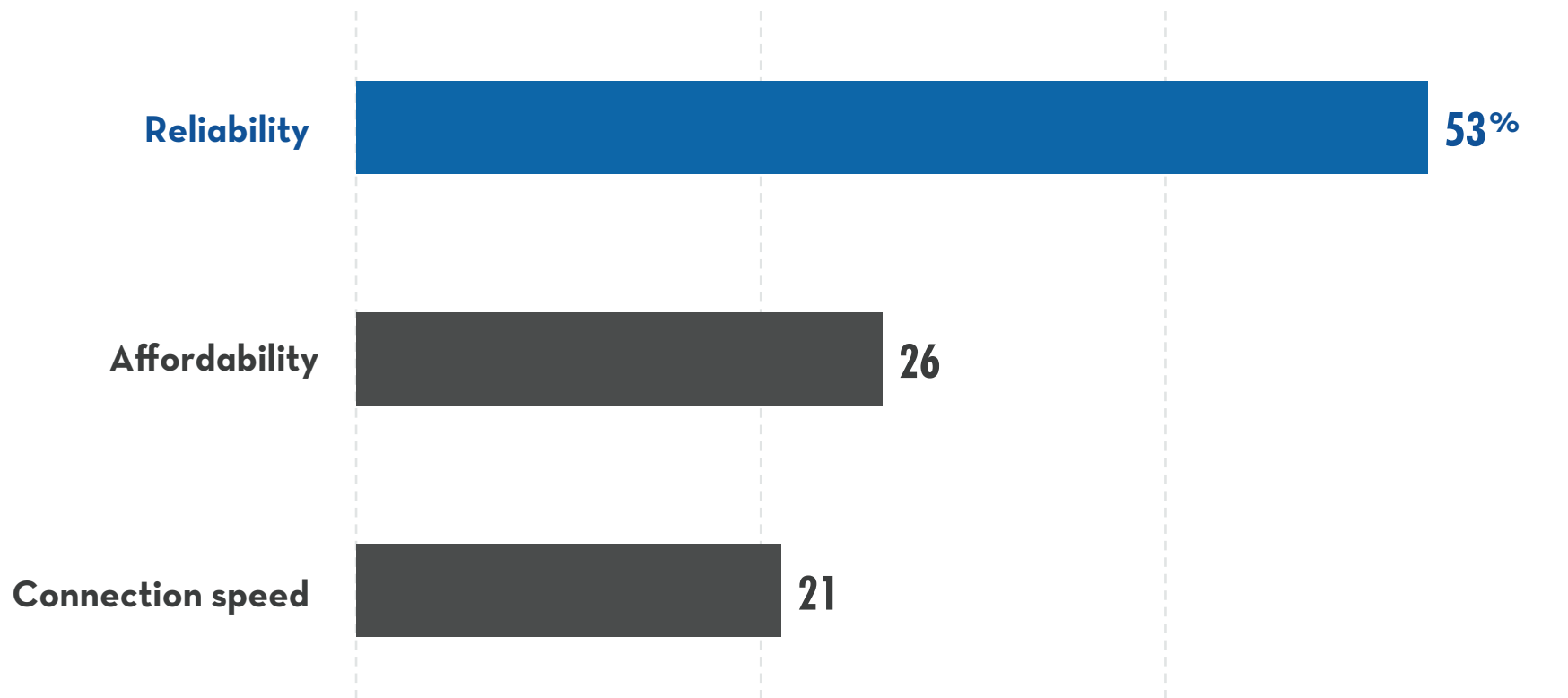
*“Price for the service we need.”*

# OREM PRIORITIES FOR BUSINESS INTERNET

In Orem, the primary concern of business Internet users is reliability.



*When thinking about access to the Internet, what do you think is the most important feature?*

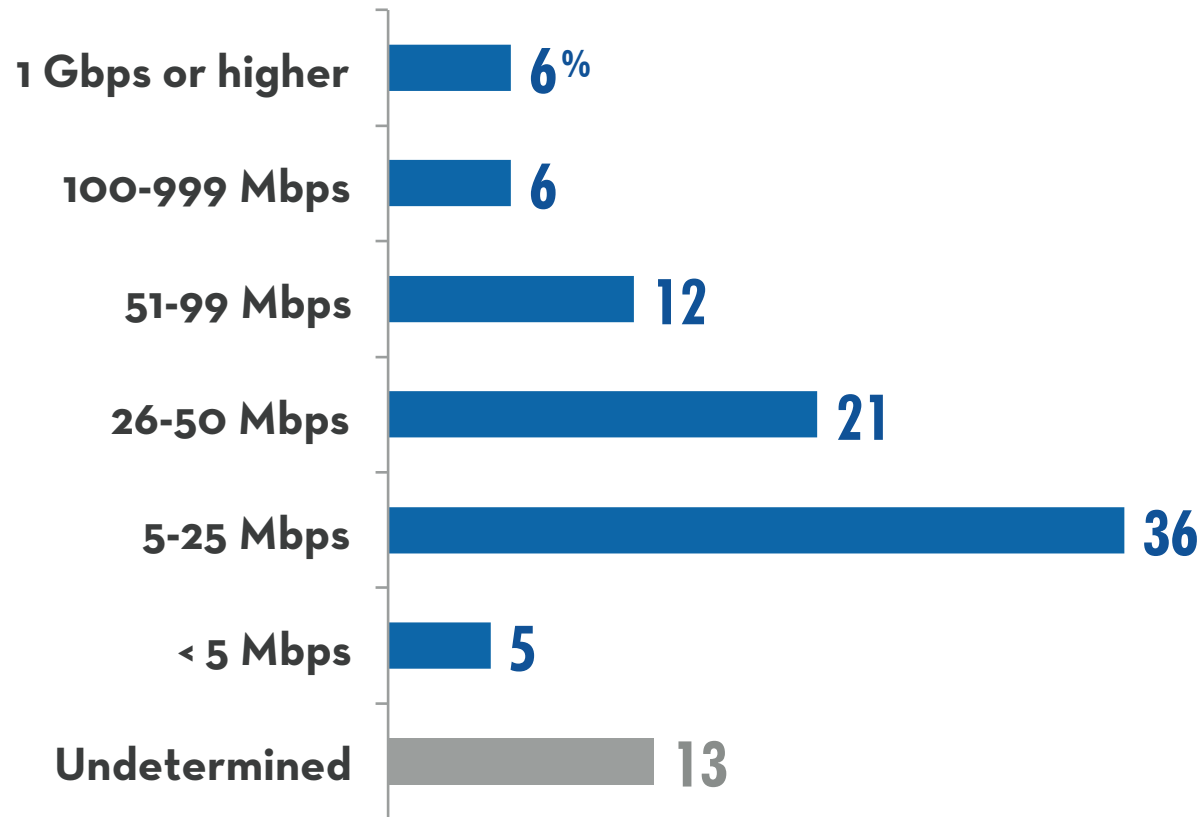


# BUSINESS ISP SPEEDS

The mode business Internet speed in Orem is 5-25 Mbps.



*At your business, around **what download speed do you get from your Internet provider?***

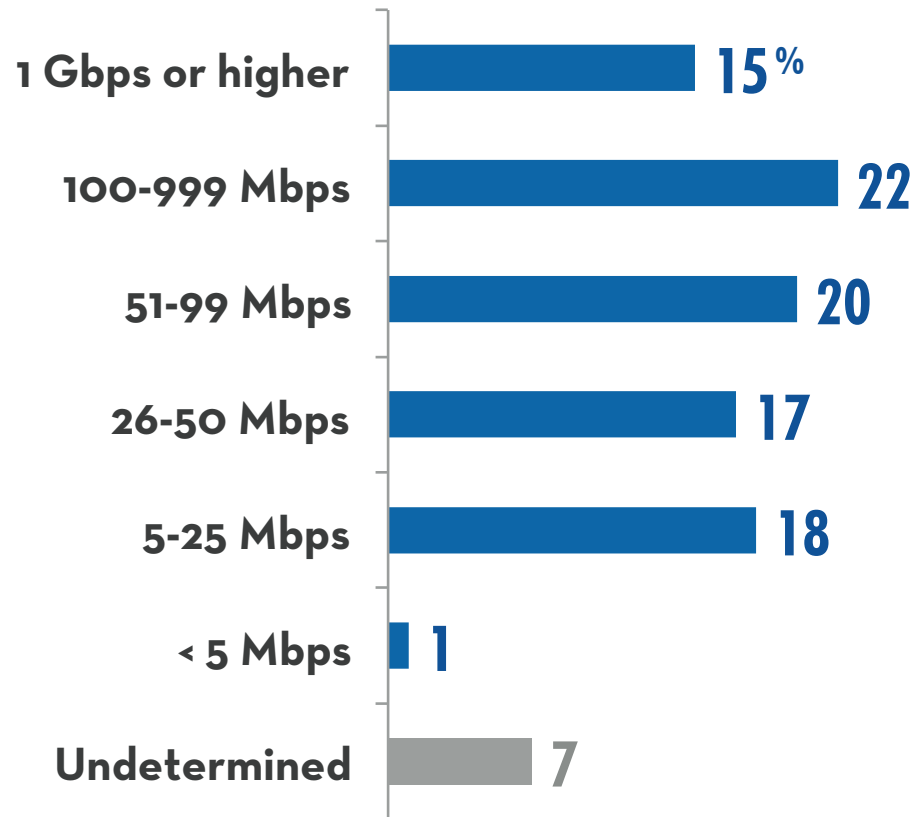


# BUSINESS ISP SPEEDS OF UTOPIA CUSTOMERS

The mode business Internet speed among UTOPIA customers is 100-999 Mbps.



At your business, around *what download speed do you get from your Internet provider?*



## AMONG SUBGROUP

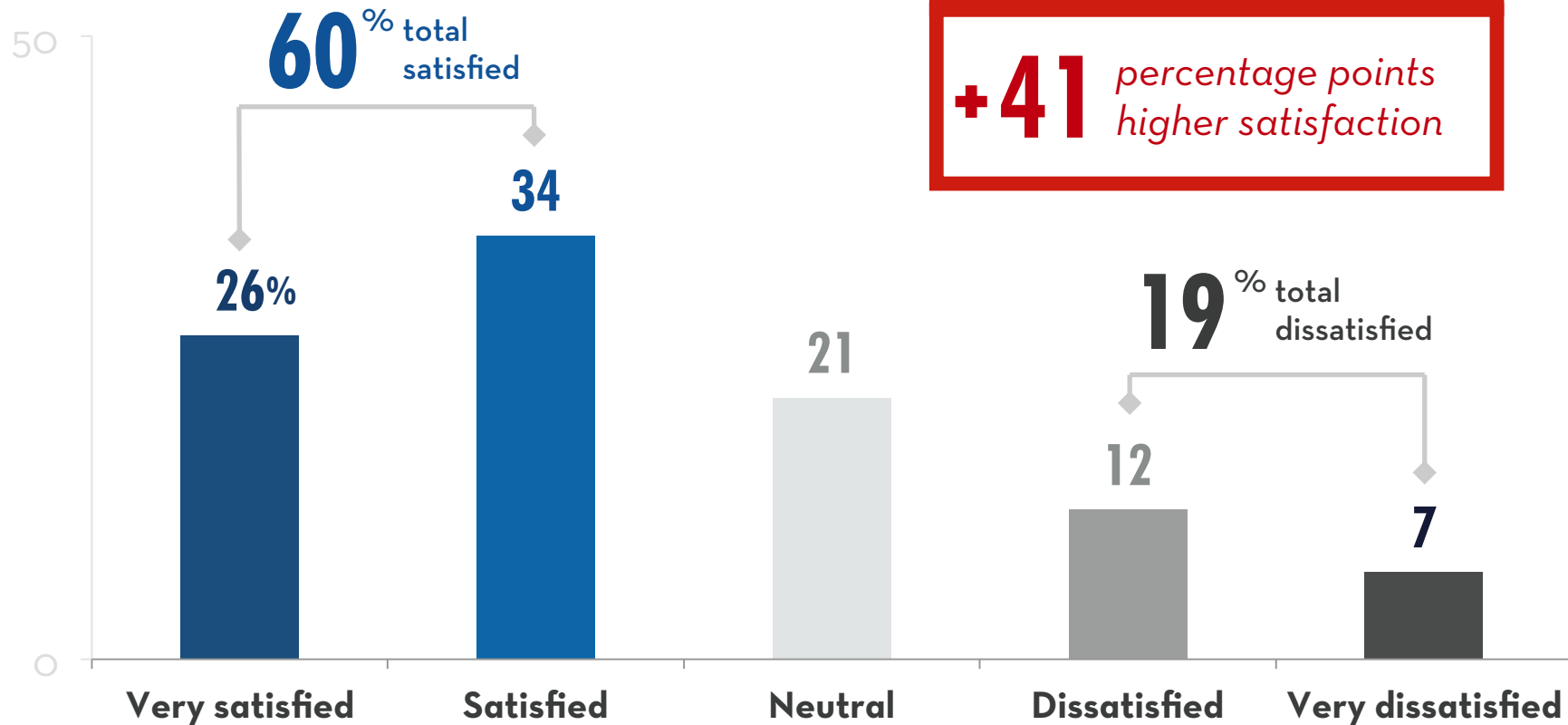
**17%** UTOPIA network customers

# BUSINESS ISP SATISFACTION

Net satisfaction with Orem business ISP is +41.



*How satisfied are you with your current business Internet provider?*

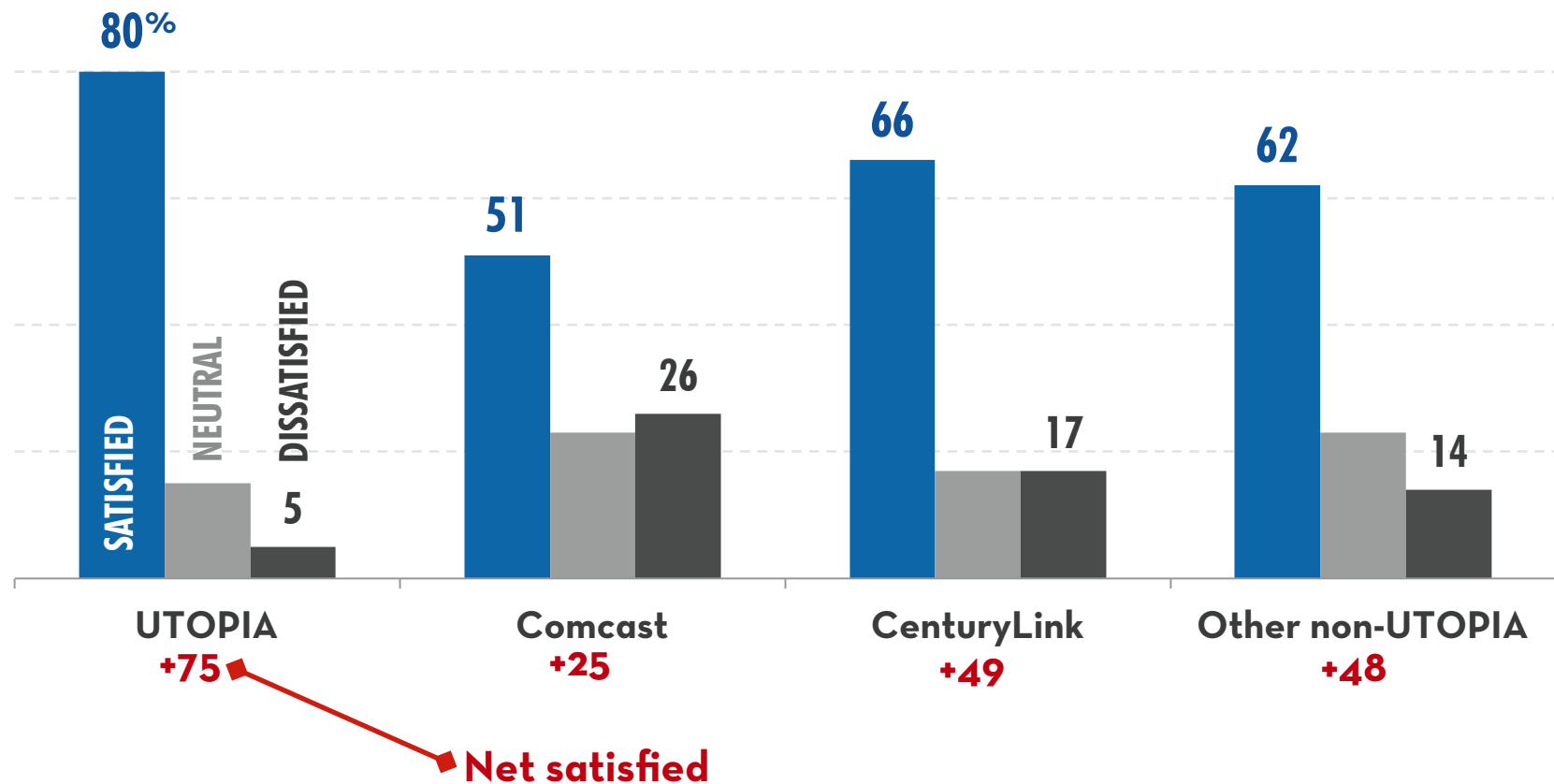


# BUSINESS ISP SATISFACTION BY NETWORK IN OREM

The best satisfaction scores go to fiber customers.



*How satisfied are you with your current business Internet provider?*



# UTOPIA CONTEXT

*“ In 2002 Orem City joined with 10 other Utah cities to install a high-speed fiber optic network called UTOPIA. Many private-sector service providers use the UTOPIA infrastructure to offer Internet, voice, and other services to Orem residents. About 10% of city residents are UTOPIA customers, but only 34% of households and businesses in the city can connect to the network today.*

*Orem City owes an inflation-adjusted \$2.9 million per year to pay off construction of the network plus an additional \$400,000 in yearly operating expenses.”*







# HIGH SPEED INTERNET: LUXURY OR UTILITY?

Residents closely split on city involvement in high-speed Internet.



Which of the following is **closest to your view?**

**47%**

*High-speed internet is a luxury. Orem should focus on roads, fire, and police and not worry about broadband access.*

*High-speed internet is a basic need for the economic success of any business or community and should be considered vital infrastructure like roads or electricity.*

**53%**

**48%**

*Orem needs to provide high-speed Internet to attract businesses that create jobs and tax revenue for our city.*

*Orem does not need to provide high-speed internet to attract businesses because private internet providers already do this well.*

**52%**

# FIBER NETWORK: OPEN OR CLOSED?

Residents still prefer a fiber network open to many different ISPs.



Which of the following is *closest to your view?*

**61%**

*An open UTOPIA network will mean many different service providers can compete for customers, leading to better service and lower prices.*

*Providers like Comcast and CenturyLink provide good service and decent prices and more competition would make no difference to me.*

**39%**

# **MACQUARIE PROPOSAL**

“ One proposal that is being considered for the future of UTOPIA is an agreement with a private company called Macquarie Capital to build out and manage the network for up to 30 years. Macquarie Capital would use its own funds to connect every address in Orem to UTOPIA. Orem City would maintain ownership of the UTOPIA system, but would share revenues with Macquarie.

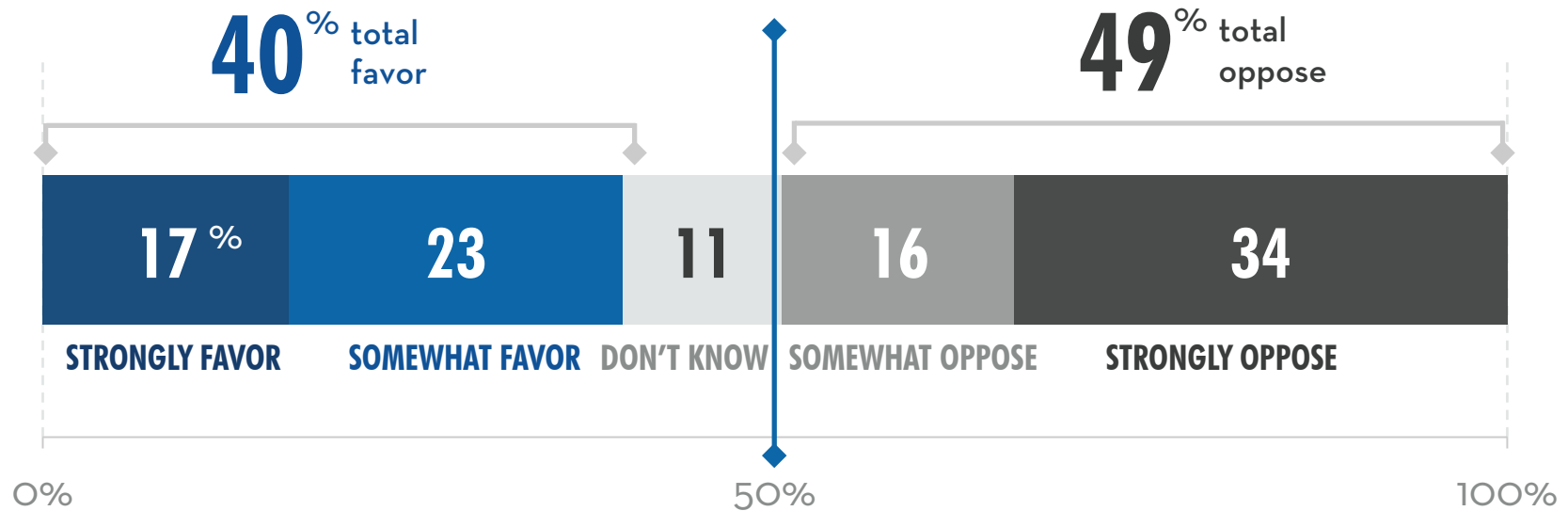
As part of the agreement, there would be an added utility fee of \$9-10 per month for all apartments, \$18- 20 per month for all houses, and \$36-40 per month for all businesses, adjusted annually for inflation. This fee includes a basic Internet package that would be sufficient for essential tasks, like email and web surfing. Residents and businesses could choose to upgrade their internet to higher speed service for an additional cost from the service provider of their choice. ”

# MACQUARIE PROPOSAL SUPPORT

Though neither side reaches a majority, opposition has stronger depth of opinion.



Do you *favor or oppose Orem City entering into this agreement with Macquarie Capital?*







# REASONS FOR FAVORING THE MACQUARIE DEAL

Reasons are varied, including concerns about debt, service, and competitiveness.



Please write your reasons for **favoring** the Macquarie Capital proposal:

*“Relieve the city debt load.”*

*“I think it's a great idea, IF it's dependable and has the capability for competing with the speeds of providers in the private sector.”*

*“They have the background and the money. Why would you not take an opportunity to fix the solution?”*

*“I believe it is the best option to be able to finish the project and help get out of debt. I am concerned about requiring it as a utility because it is not needed... I feel if we do not move forward with Macquarie then we are just going to be stuck with debt and get nothing from it.”*

*“Whatever can be done to get the infrastructure built out as soon as possible is what I want. We will soon be moving our business to a new location.... Where the fiber goes, the money will follow.”*

*“We need to keep up with Provo. Orem used to lead the way- now we are just trying to keep up.”*



# REASONS FOR FAVORING THE MACQUARIE DEAL

Reasons are varied, including concerns about debt, service, and competitiveness.



Please write your reasons for **favoring** the Macquarie Capital proposal:

*“Not enough information. Costs seem unrealistic.”*

*“I want to see it shopped for the best deal possible. I have not seen the due diligence that has gone into the process.”*

*“Why do I have to pay for an internet provider that I am not, nor will I use?”*

*“This is a TAX and should not be forced on people. If you want people to opt in, fine, but to require 15-20 more per month from me for a service I never plan on using is crazy.”*

*“Look at Provo and Google. Oppose anything that would lock the city of Orem into a 30 year contract. The future is going to change much faster. Locking in a 30 year contract will ‘kill’ Orem and ability to compete.”*

*“Let households choose whether or not to pay for this service.”*

# MACQUARIE DEAL: FAIRNESS

Majority of residents believe the fee is unfair.



Which of the following is **closest to your view?**

**29%**

*It is fair that every home and business in Orem pays a monthly utility fee for internet because it will ensure the long-term viability of the network and help pay down existing city obligations.*

*It is unfair that every home and business in Orem pays a monthly fee for internet service that they did not choose to purchase and that they may not even use.*

**71%**

# MACQUARIE DEAL: FAIRNESS

However, many of those who agree with its unfairness still support the proposal.



Which of the following is *closest to your view?*

<b>FAIRNESS</b>	<b>Strongly Favor</b>	<b>Somewhat Favor</b>	<b>Don't Know</b>	<b>Somewhat Oppose</b>	<b>Strongly Oppose</b>
It is fair...	83%	46%	21%	10%	3%
It is unfair...	17	54	79	90	97

# MACQUARIE DEAL: BUILD OUT

Most residents prefer an address-by-address approach.



Which of the following is *closest to your view?*

**33%**

*Any plan for UTOPIA's future should ensure the network is connected to every address in the city to provide equal access for everyone.*

*Any plan for UTOPIA's future should ensure that the network is connected to addresses on demand so that we do not spend money on addresses that are not going to use the service.*

**67%**

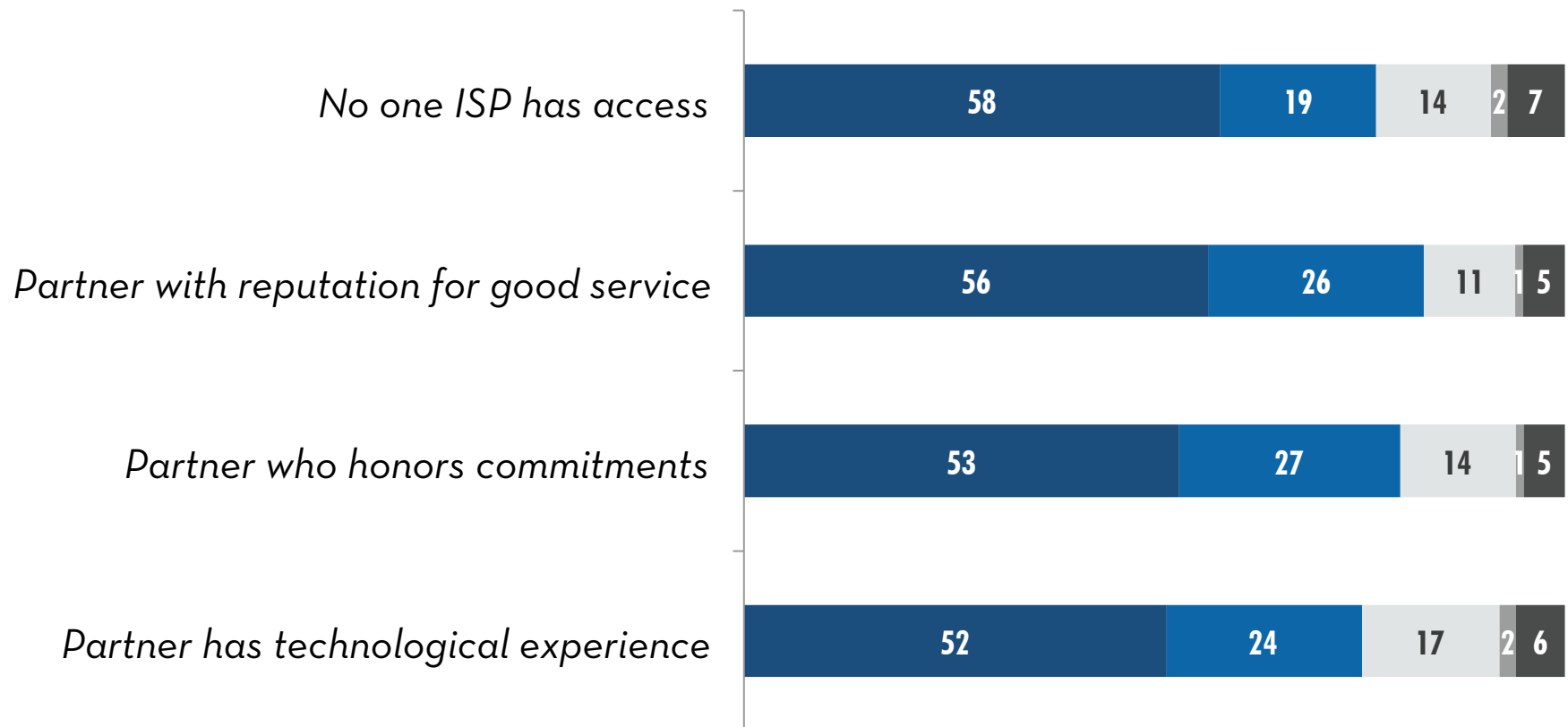
# IMPORTANCE OF ASPECTS OF THE DEAL

We asked about 16 different components of the Macquarie deal.



*Below is a list of things that may be important to you in any plans for UTOPIA. Please indicate how important each item is to you.*

Extremely important    Somewhat important    Neither    Somewhat unimportant    Not at all important

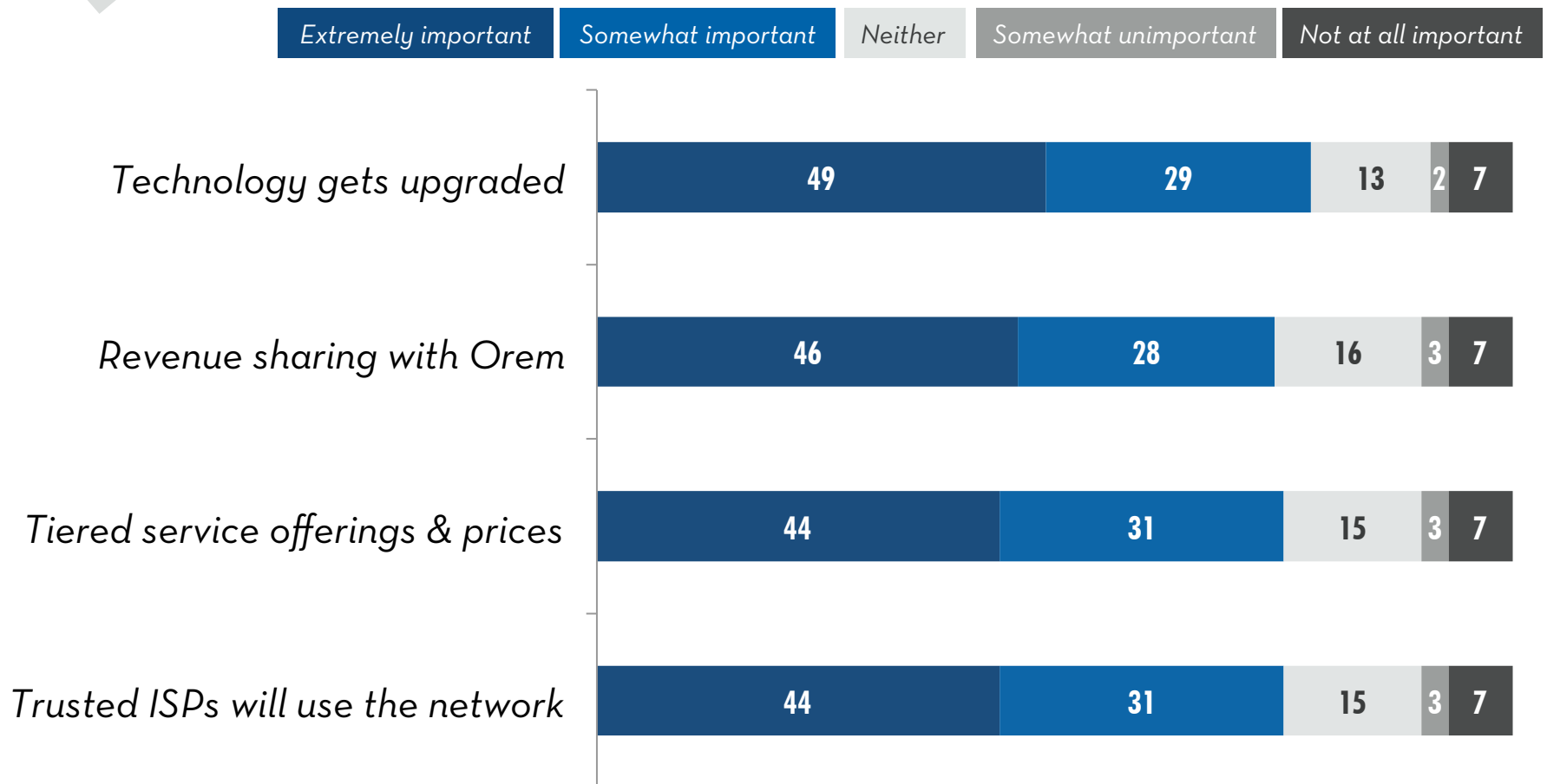


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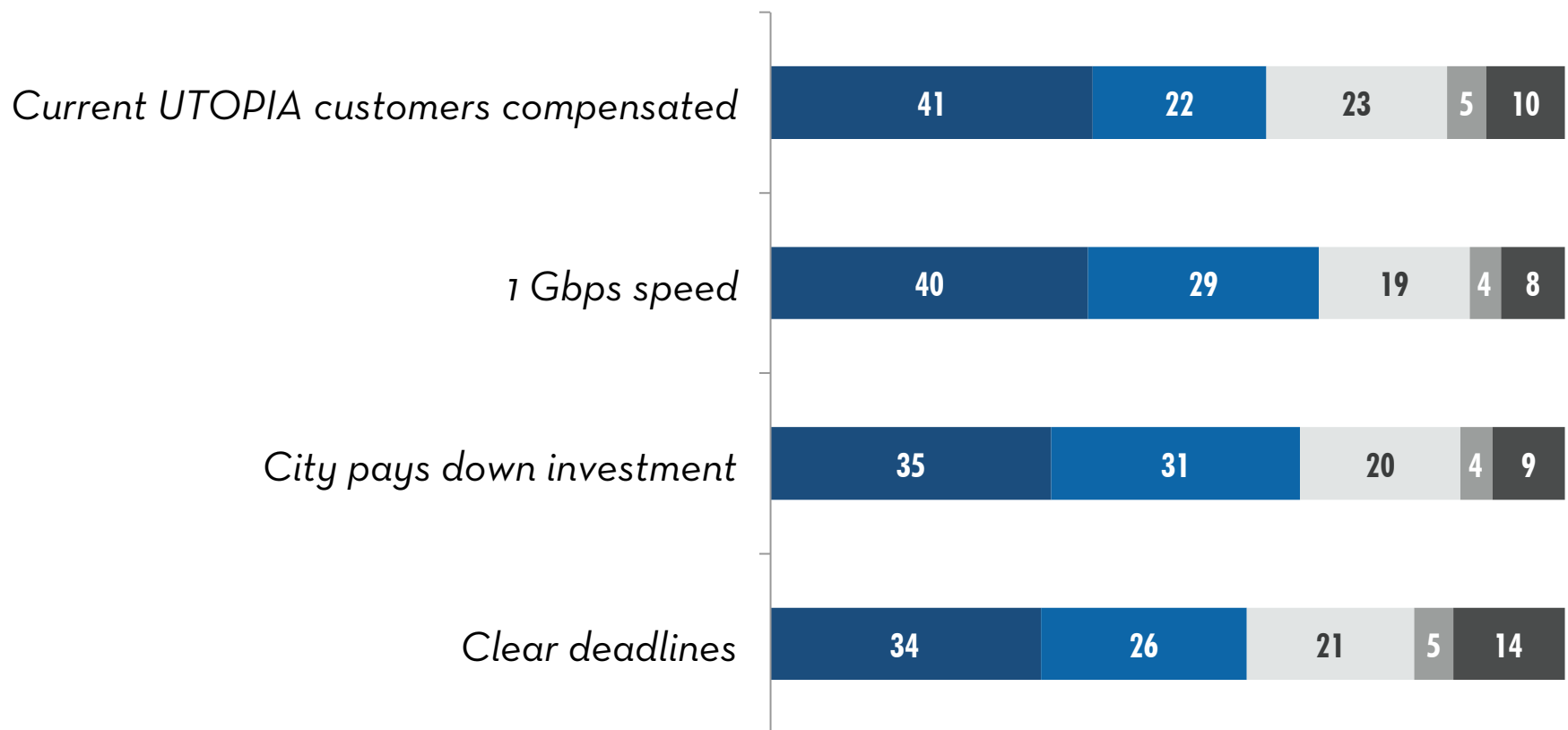
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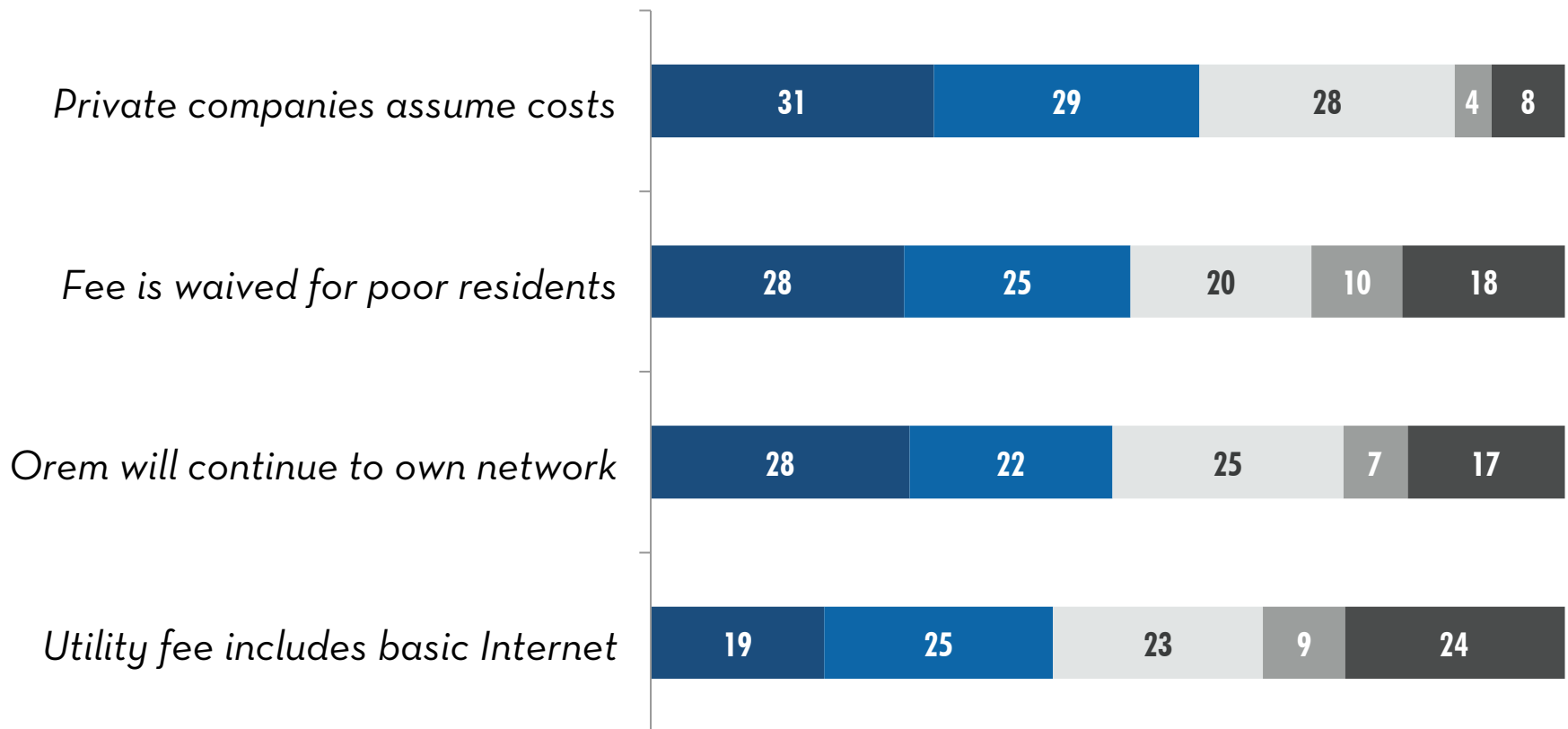
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*Extremely important*   *Somewhat important*   *Neither*   *Somewhat unimportant*   *Not at all important*



# EXPLAINING MACQUARIE SUPPORT

Significant attributes determined using an ordinal logit model predicting support.

## LESS LIKELY TO

*Be extremely satisfied with current ISP*

## MORE LIKELY TO

*Believe high-speed Internet is a utility*

*Have a higher income*

*See clear build out deadlines as a critical component*

*Care about paying down city investment*

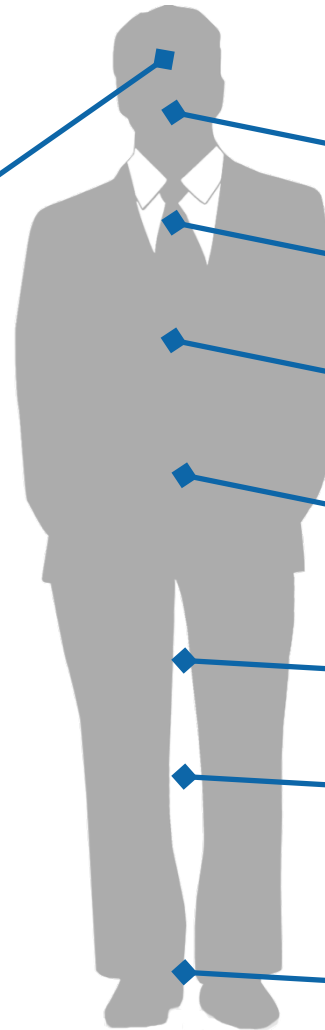
*Insist that the fee include base Internet*

*Require that Orem maintain ownership of UTOPIA*

*Care about current UTOPIA customers not paying for build out*

## MODEL PREDICTION

**57%** *likelihood of strongly favoring*



# EXPLAINING MACQUARIE OPPOSITION

Attributes determined using an ordinal logit model predicting opposition.

## LESS LIKELY TO

*Consider the Internet network as Orem's top priority*

*See clear build out deadlines as a critical component*

*Care about paying down city investment*

*Insist that the fee include base Internet*

*Require that Orem maintain ownership of UTOPIA*

*Care about current UTOPIA customers not paying for build out*

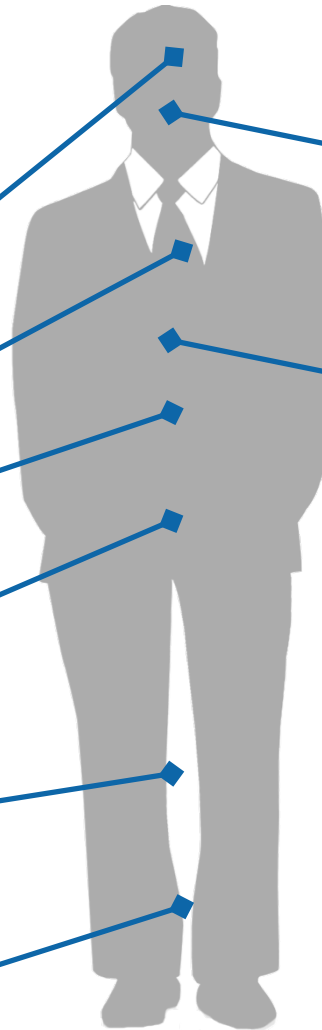
## MORE LIKELY TO

*Be extremely satisfied with current ISP*

*Believe high-speed Internet is a luxury*

### MODEL PREDICTION

**91%** *likelihood of being a strong opponent*



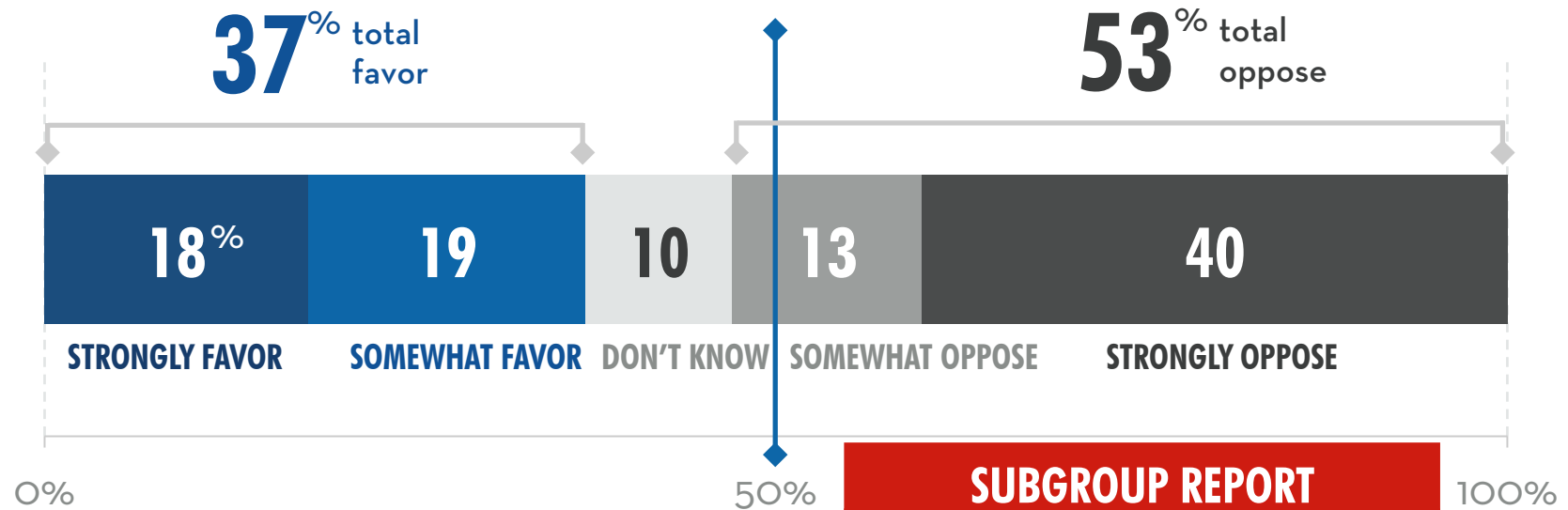
# **MACQUARIE PROPOSAL SUBGROUP DETAILS**

# MACQUARIE PROPOSAL AMONG HOMEOWNERS

Homeowners are slightly more likely to oppose deal than non-homeowners.



Do you *favor or oppose* Orem City entering into this agreement with Macquarie Capital?



## SUBGROUP REPORT

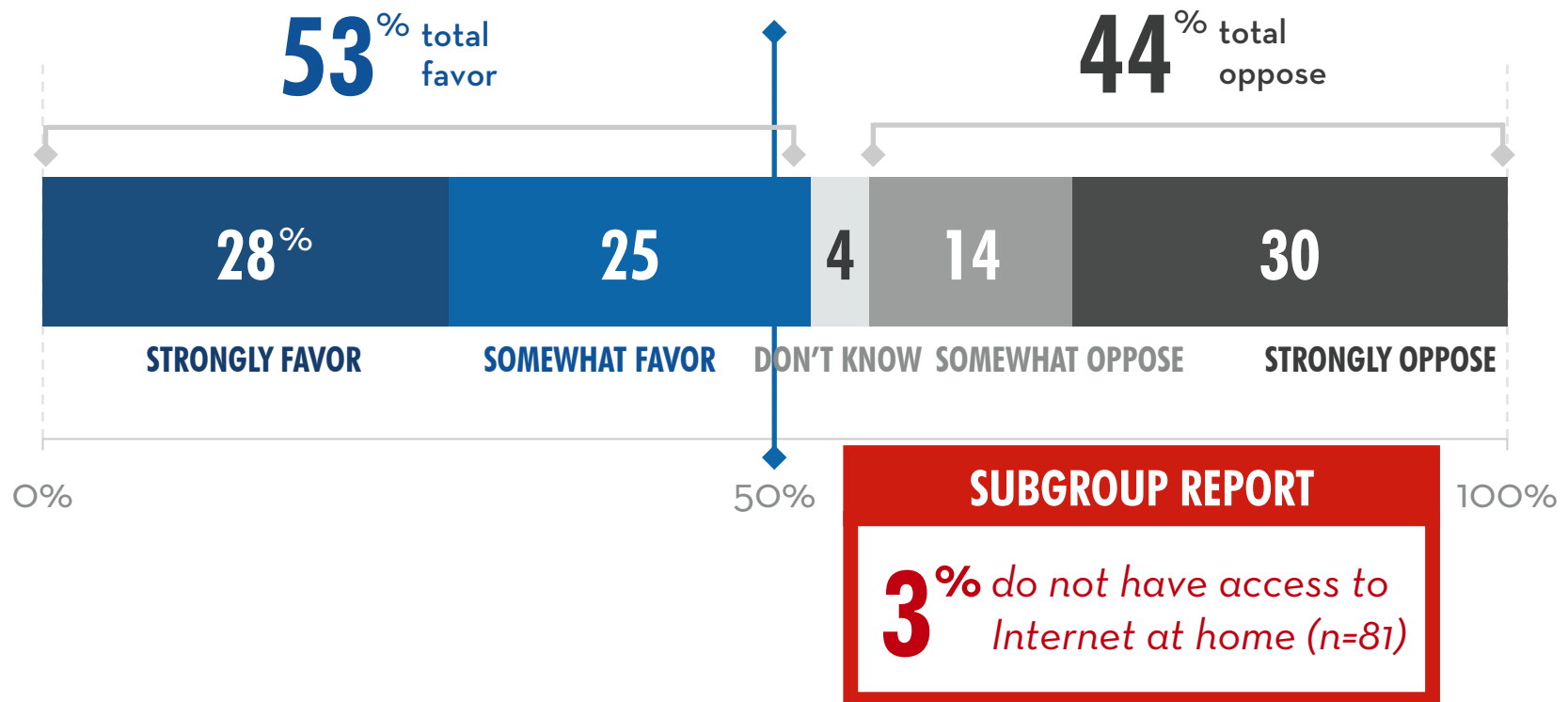
**62%** own or buying home in Orem City

# MACQUARIE PROPOSAL FOR NO INTERNET AT HOME

For residents without Internet in their home, Macquarie is more appealing.



Do you *favor or oppose Orem City entering into this agreement with Macquarie Capital?*





Scott Riding, Executive VP  
Quin Monson, Ph.D.  
Salt Lake City, UT  
801.556.3204