

2027 PROPOSED BUDGET

SEPTEMBER 29, 2026





PRESENTATION TOPICS

- NextLight Budget Summary
- Airport Budget Summary
- Proposed Budget Changes
- First Public Hearing



2027 Budget Presentation



NEXTLIGHT'S BUDGET STORY

- We are **aligned with Council's** focus on resilience
- The budget reflects our **strategic focus**
- The majority of our budget is for **operating expenses like network** and personnel
- Our capital/CIP (3% of City budget) is for network and customer expansion and **ties to incremental revenue**
- Will dip slightly into healthy fund balance to **ensure network reliability**
- Our success is the **City's success** – 4% of rev to general fund via franchise fee
- NextLight metrics compare **favorably** to industry metrics
- Will **pay debt off on time** giving us flexibility



ALIGNED WITH COUNCIL PRIORITIES – RESILIENCE



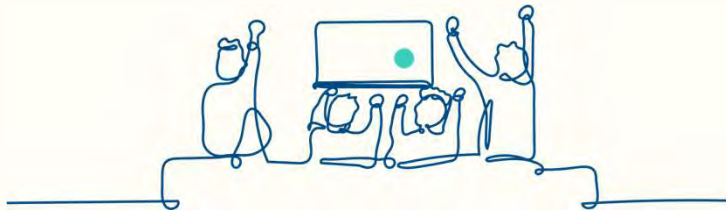
Housing, Neighborhood and Human Resilience

- Access for ALL
- Wiring at no charge to developers
- Discounts to LHA properties and IQ residents
- Smart devices ensure safety to LHA properties



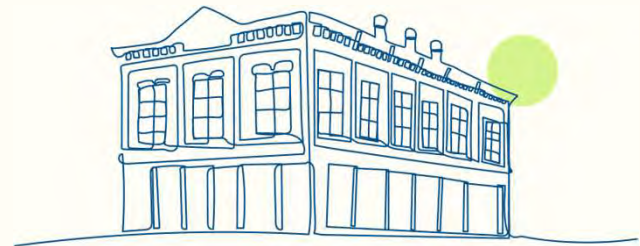
Economic and Business Ecosystem Resilience

- High speed, high cap plans, low rates
- Incentives for qualifying new businesses
 - Discounts for non-profits
- Strong Chamber, LDDA, and LEDP partnerships



Reliable & Equitable Core Services for Resilient Community

- Award winning fiber internet for ALL
- Discounts for income-qualifying HHs
 - ADA AA rated website

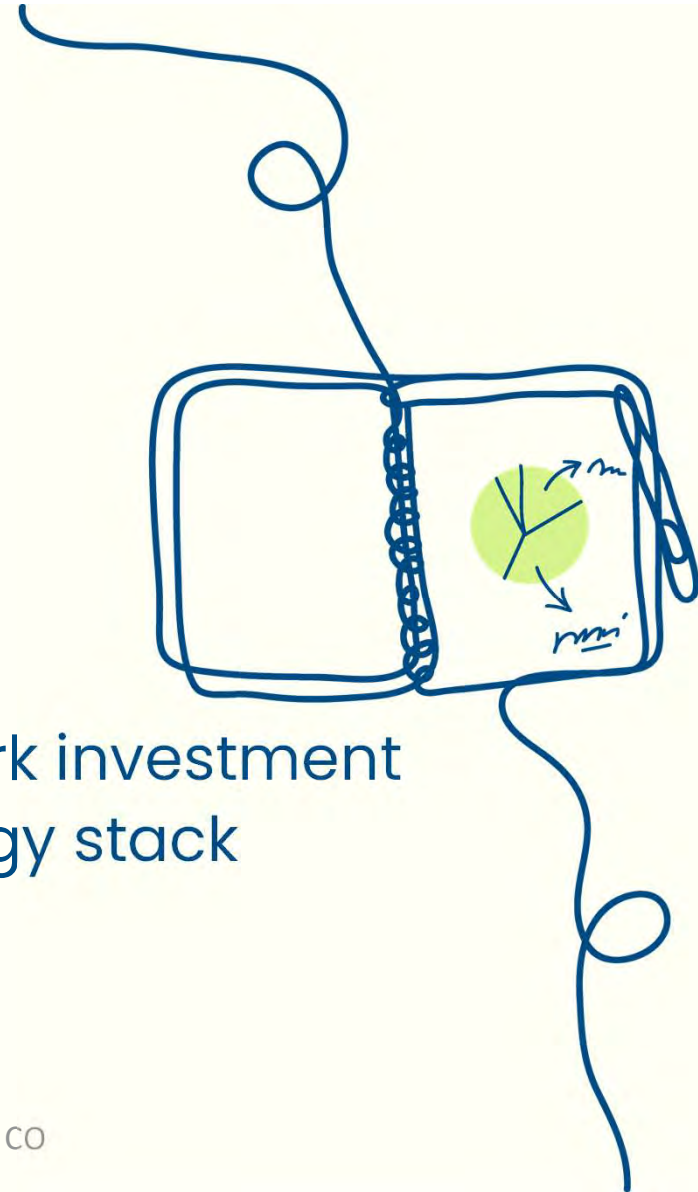


Innovative Transportation & Development

- Fiber facilities at all new developments
- Participation on 1st and Main Project

KEY STRATEGIES

1. Leverage NL Assets
2. Drive reliability through network investment
3. Drive efficiencies via technology stack





#1 – EXPAND & LEVERAGE NL ASSETS

Marketing and CIP funds to grow customer base and footprint (~\$3.5M)



Total Premises

48,515

100% of Longmont Premises



Fiber-Enabled Premises

44,322

91% of Longmont Premises



Active Premises / Customers

29,784

67% of Fiber-Enabled Premises

REMAINING OPPORTUNITY

7,458



FIBER-ENABLED,
PREMISE NOT WIRED,
INACTIVE

Sales Opportunity

Requires capital for drops

7,080



FIBER-ENABLED,
PREMISE WIRED,
INACTIVE

Sales Opportunity

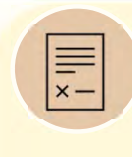
Easy install, no new capital

4,193



NOT FIBER-ENABLED
Premises requiring
additional work

Pending construction or access
agreement. Will require capital.



1,150

“Untouchables”
Under exclusive
contract



2,683

Opportunity
Construction build out
New access agreements

#2 – DRIVE RELIABILITY THROUGH NETWORK TECHNOLOGY

Driving efficiency, protecting reliability, and investing for the long term

Access Network

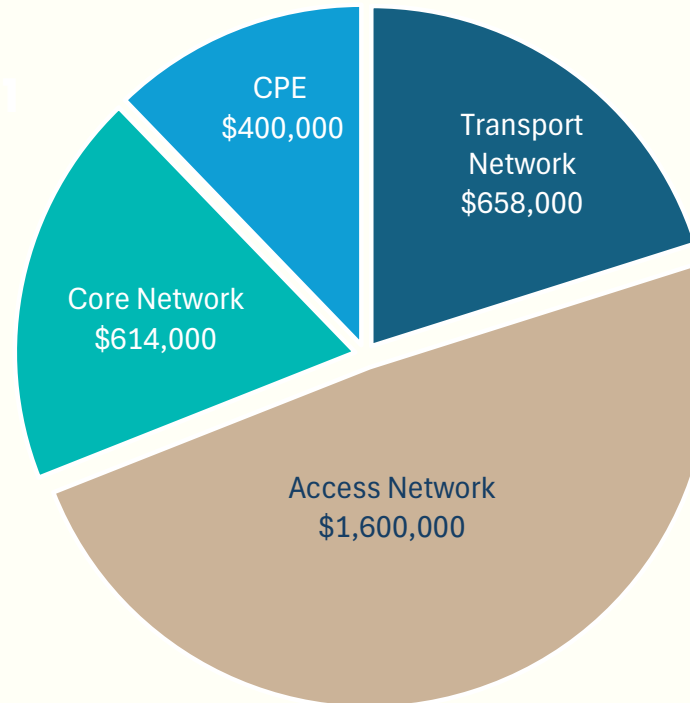
IX Upgrade of Optical Line
Terminal

Scalable last-mile
connectivity across eight
Longmont facilities or huts

Battery backup, redundant
networking, and resilient HVAC
at every site

Continuous monitoring and
operational oversight support
network reliability

Network Investment \$3.3M



Transport / Backhaul

Resilient connectivity across
Denver, Loveland, and Fort
Collins

Scalable optical network
supporting high-capacity
100G–800G services

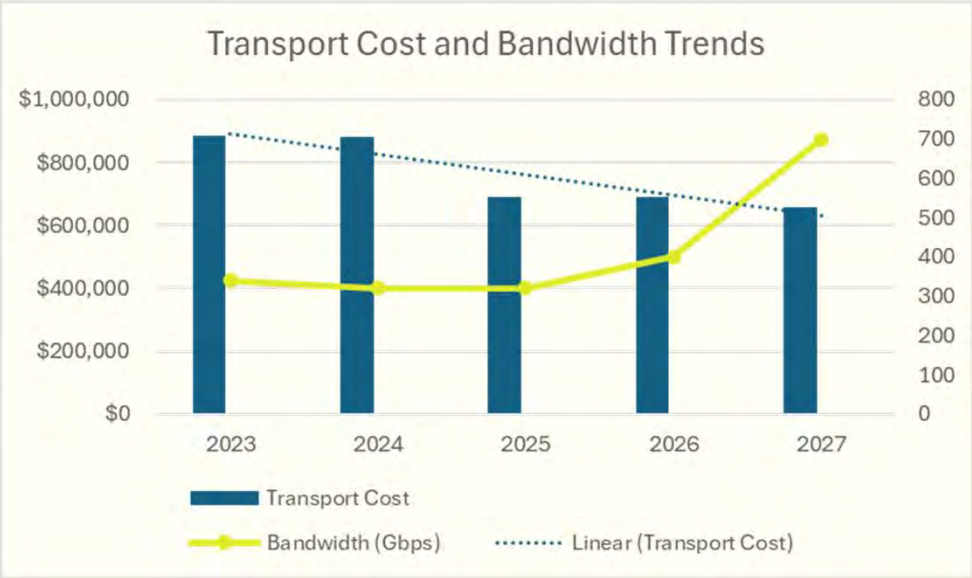
Built-in geographic diversity
and backup resiliency for
network continuity

Seeing some expense increases in chip sets, routers due to data center explosion



#2 – DRIVE RELIABILITY THROUGH NETWORK TECHNOLOGY Cont'd

Network bandwidth capacity increasing yet cost decreasing due to negotiations

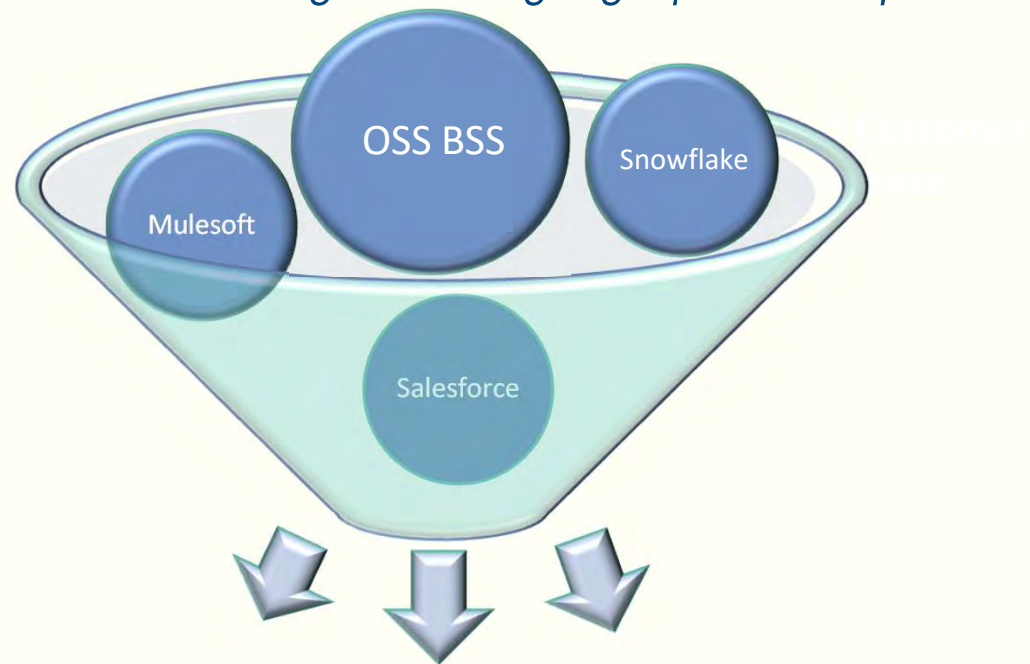


'Cost per gig' has gone down 64% since 2023



#3 – DRIVE EFFICIENCIES THROUGH DIGITAL TECHNOLOGY

Approximately a \$1M investment including 1x and on-going expense to improve our tech stack



Employee Experience Improvements

- Easier customer onboarding
- Simpler work flows
- Single pane view / no more swivel chairs
- Full visibility across customer transactions

Customer Experience Improvements

- Reduced on-hold time
- Reduced call handling time
- Intuitive self service
- Increased loyalty and advocacy
- Better 'lead' nurture and mgmt

Alignment with City

- One log-in across city
- Eventual adoption of Tyler payments for economies of scale
- Unified database
- Aligned communication

Expense Savings

- More options and thus savings for credit card processing
- API flexibility with lower costs
- Lower acquisition costs with marketing automation and analytics

Embedded Ticketing System

- Closed-loop tool
- Improved analytics and diagnostics (MTTR, FCR, Repeats)
- Improved dispatch and ticket routing

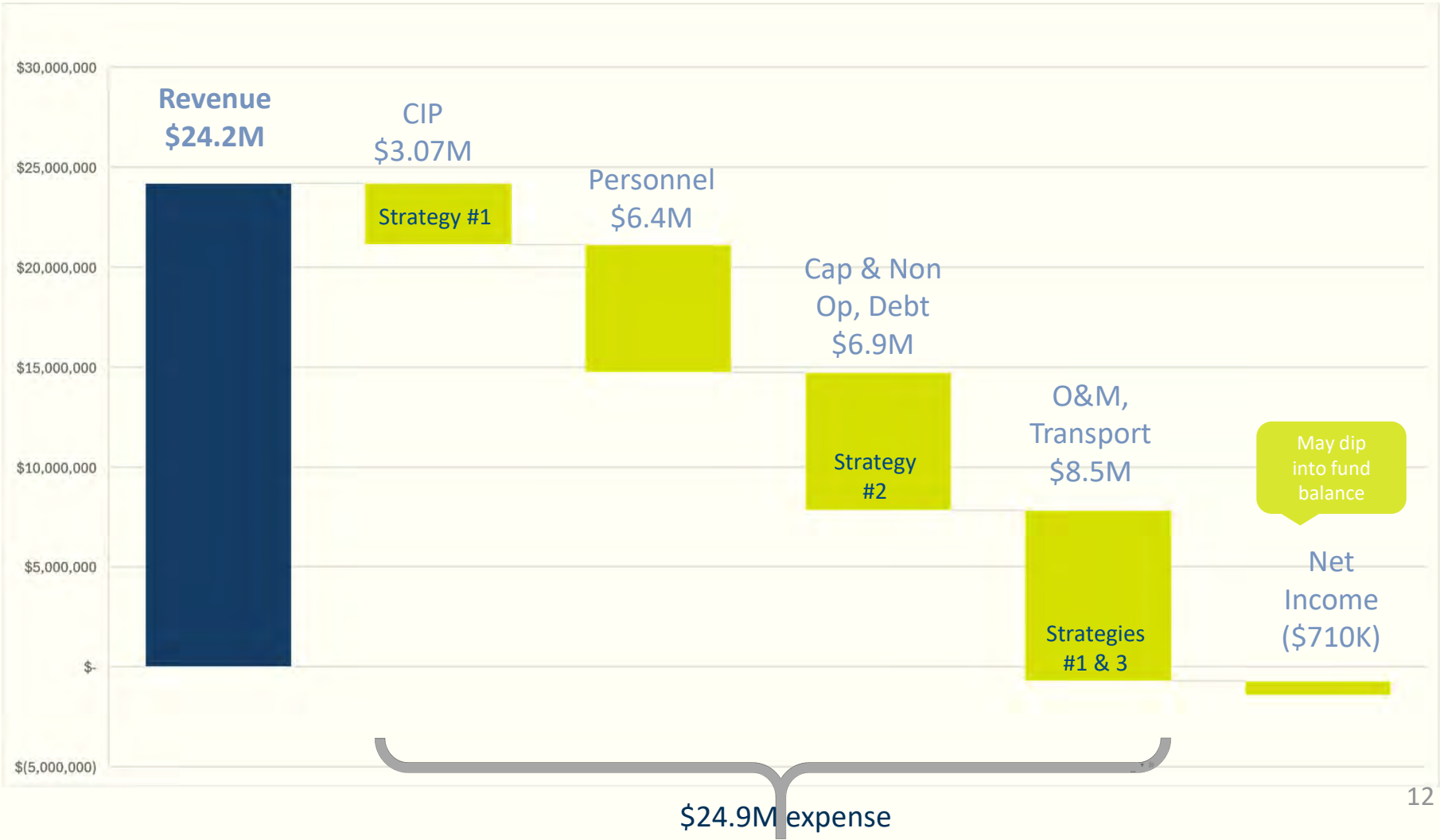
Asset Management Tools

- Improved management of assets improving network reliability
- Diagnostic improvements

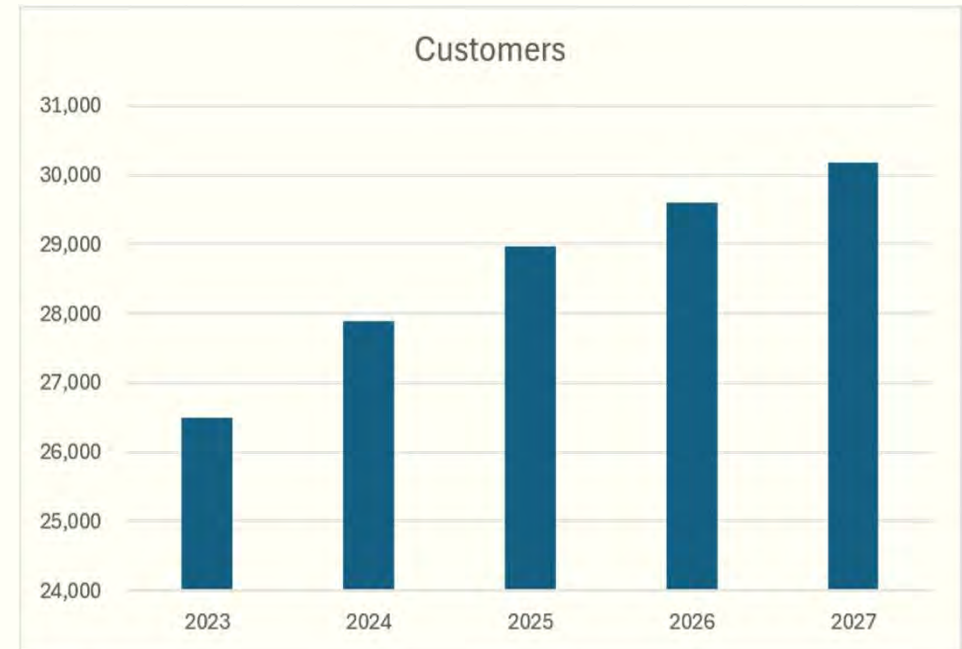
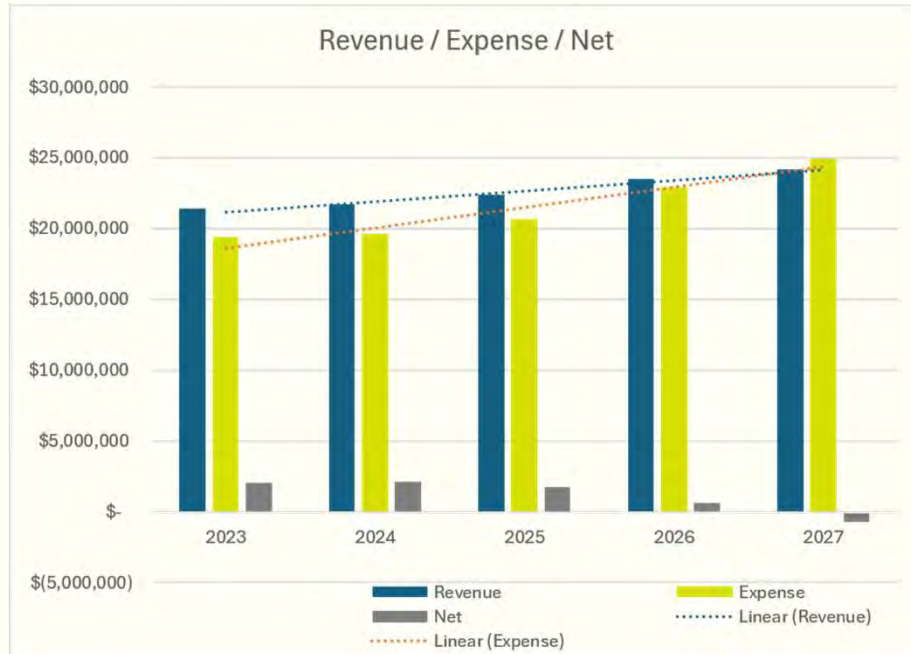
NOW THE COMPLETE OVERVIEW



NL BUDGET WATERFALL



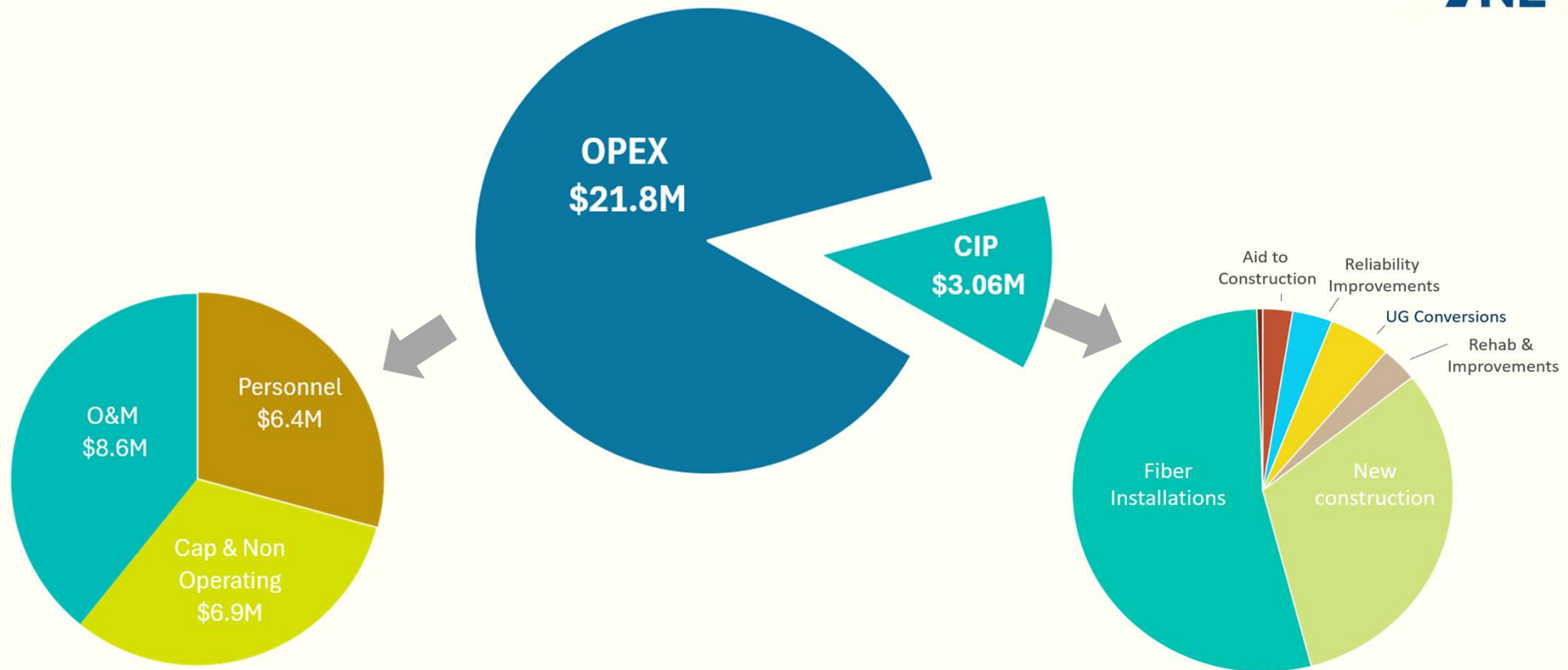
NL BUDGET TRENDS



Notables

- Consistent but slowing revenue and customer growth
- Expenses outpacing revenue (\$700K) in 2027 due to 1X expenses for network and software

OVERALL EXPENSE DRIVERS



OPEX Notables

- Includes **strategic investment**
- O&M - **transport**, capacity, colo, locates
- Cap & Non Op – Debt, 1X OLT replacement
- Personnel - **Salaries**, benefits

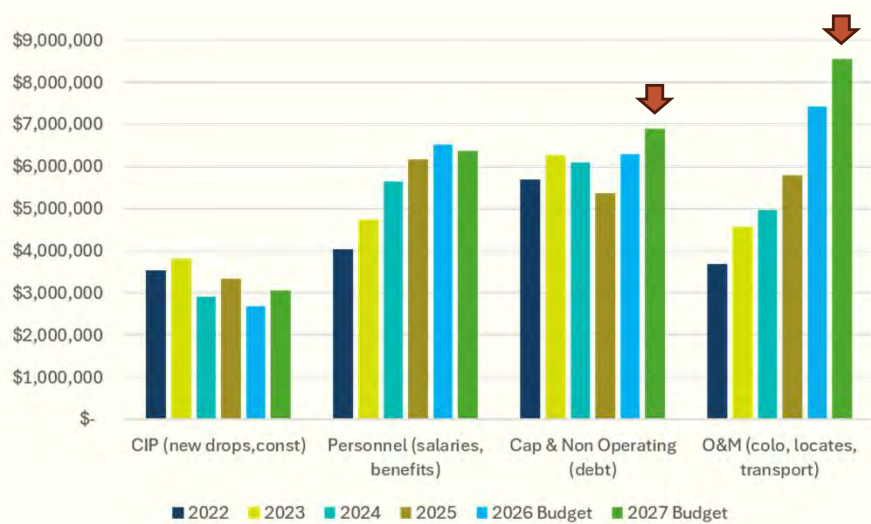
CIP Notables

- NL CIP mostly **tied to incremental customers/revenue**
- Fiber installations – equipment & labor
- New construction – **mostly greenfield MDU** (750 units)

EXPENSE TRENDS 2022-2027



OPEX Trend



OPEX Notables

- Cap & Non Op up due to 1x purchase of OLT
- Locates and tree trimming driving increases as transport costs are coming down

CIP Trend



CIP Notables

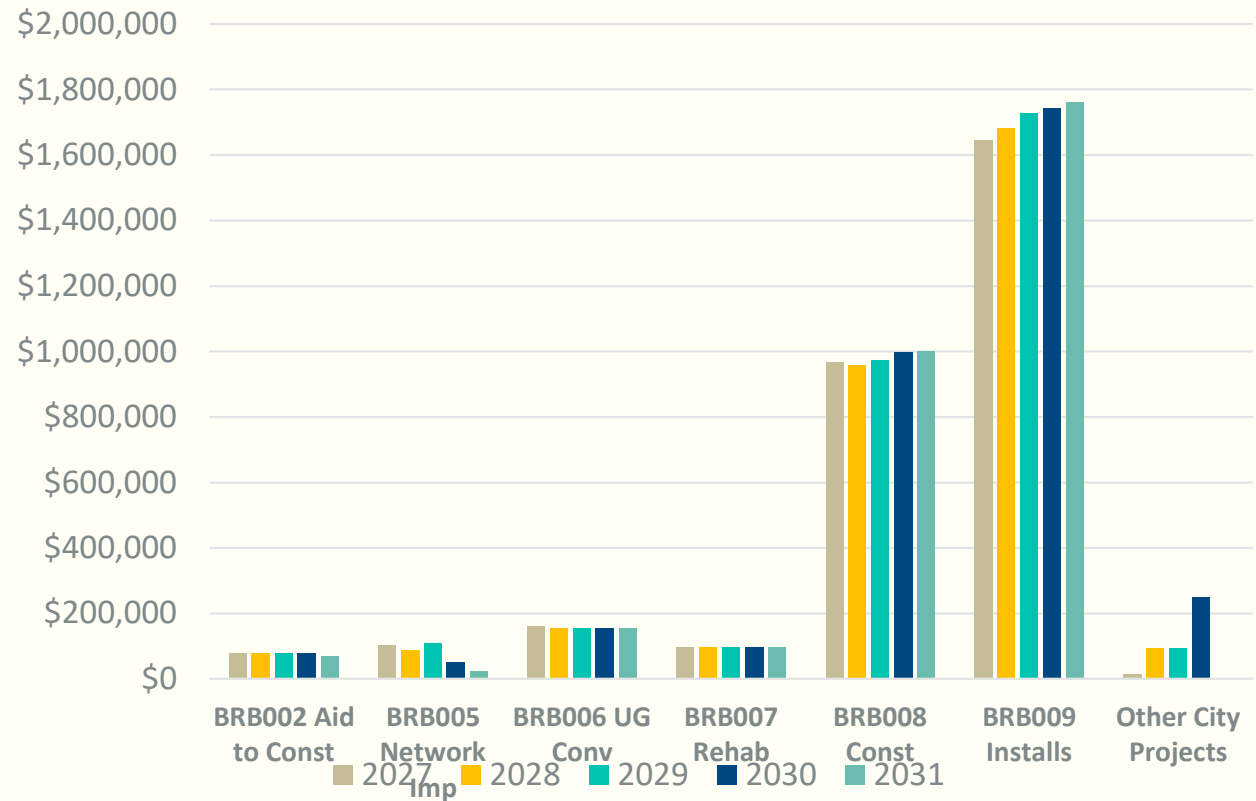
- Construction projects slowing down
- Fiber installations/sales outperforming estimates so higher budget next year
- An appropriation forthcoming for 2026 for installs

CIP BUDGET OUTLOOK



Assumptions

- Generally flat for foreseeable future
- Construction costs have stabilized and growth has slowed
- Most of the new construction is greenfield MDU/apts (4,500 units in funnel)
- Installation expense continuing as 7,500 premises remain without a fiber drop to the home
- Installation expense includes labor and equipment



MARKETING FOCUS & INVESTMENT

Awareness, consideration, acquisition, delight, growth, retention



The Investment

- \$670k budget investment is a modest increase (~10%) from 2026
- **Still well below industry average for marketing spend (6% average, we're at 2.8%)**
- Every dollar is purposeful. Efficiency remains a top priority
- Budget breakdown:
 - ~40% Agency, CX, Data/Systems
 - ~40% Advertising, Social media
 - ~20% Community Outreach



2027 Priorities

- Creative infrastructure and advertising evolution
- **CX overhaul, automation & system integration (OSS/BSS, Salesforce, touchpoint mapping)**
- Clearer attribution systems & cleaner data
- Community outreach and targeted growth (low-income, bi-lingual neighborhoods)



Strategic Evolution

- Strong brand equity + fresh creative identity give us a powerful foundation to build from
- Funnel -> Flywheel advertising approach lets us test, learn, and scale smarter than before
- Shifting performance metrics to prioritize long-term value
- Cross-functional systems work ensures our strategy aligns with the organization and city-wide priorities



DESIRED ROI

DELIGHTED CUSTOMERS AND REVENUE



CUSTOMERS AND REVENUE

- Surpassing **30,100** customer mark
- Have to replace 10-12% of customers that move away
- Growth rate slowing to 3% as we near **90% enablement and 70% penetration**
- Bulk **MDU big part of success**
 - Adding 168 bulk units
 - 1613 bulk EOY '27

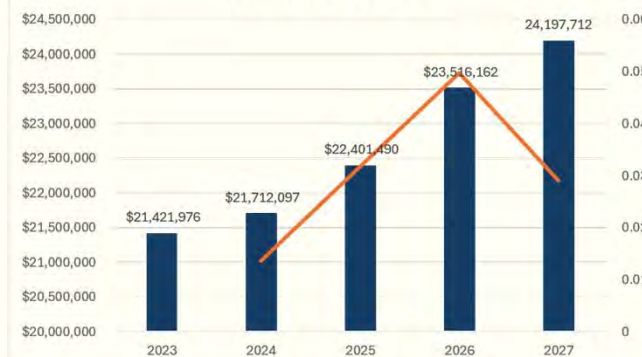
- Revenue nearing **\$24.2M**
- Revenue growth rate slowing but high-cap commercial deals and more router service adoption helping
 - LETA
 - Loveland
 - SVVSD

- **ARPU (avg rev per unit) is stable**
- ARPU contributors
 - Commercial sales
 - Res router sales
- ARPU detractors
 - **Economic pressures mean fewer gig sales**
 - Lower bulk ARPU
 - Successful growth of income qualifying customers

Customer Growth



Revenue Growth



ARPU

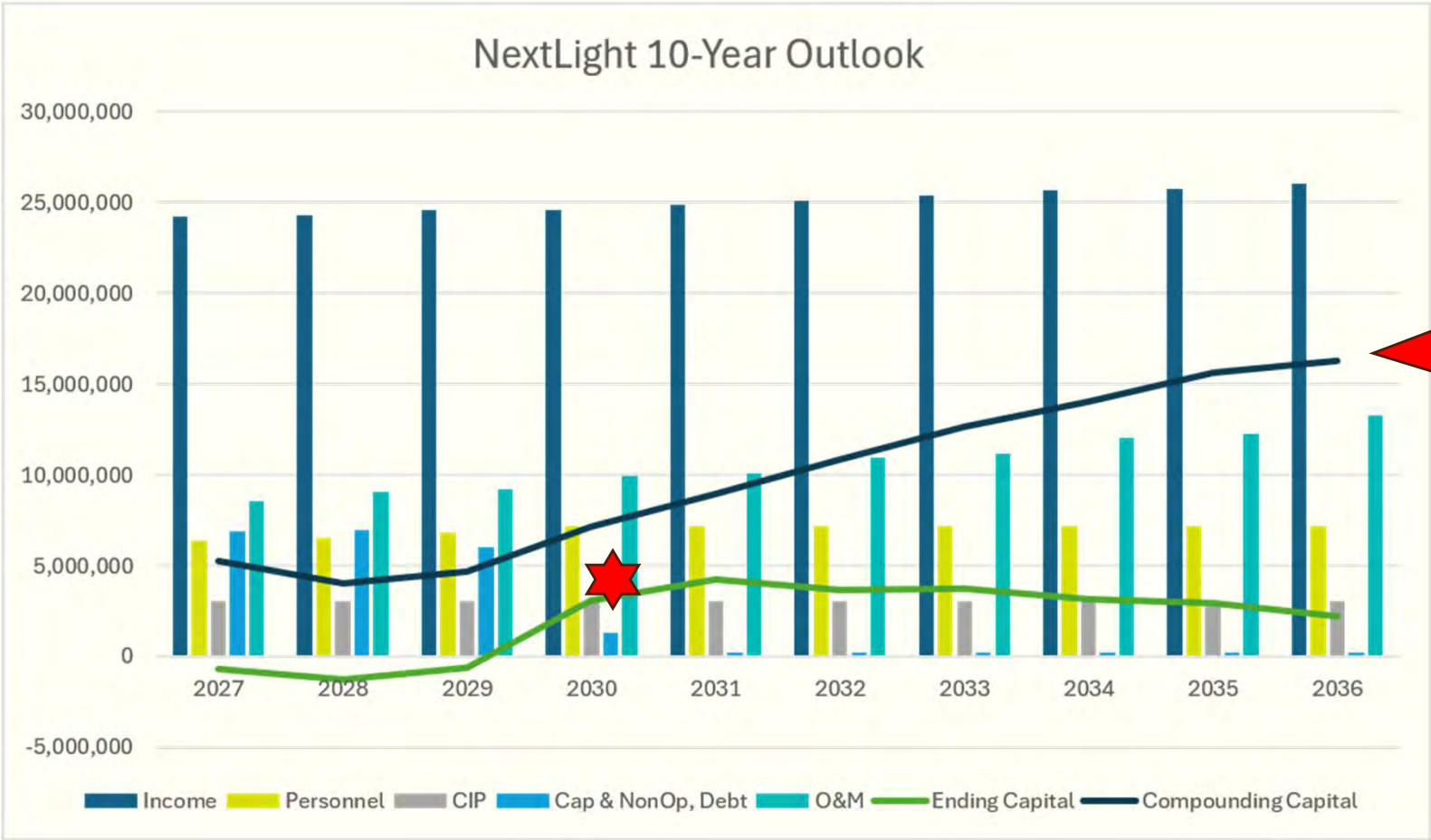


NL METRICS V. INDUSTRY AVG

Metric	NextLight	ISP Industry	Favorability
Revenue per FTE	\$440K	\$150-300K	✓
Customers per FTE	545	150-200	✓
ARPU (avg rev per unit per month)	\$66	\$68-\$74	✓*
Router attachment	~85%	70-90%	✓
CPGA (cost per gross add)	\$75	\$135	✓
Marketing Exp as % of Revenue	2.8%	4-6%	✓
CIP as % of Revenue	12%	15-20%	✓
Network uptime	99.999%	99.95%	✓
Trouble tickets/sub	<0.1%	5-10%	✓
Bad debt as % of revenue	<.5%	1-3%	✓

* NL is a non-profit focused on access for all, not high ARPU, high margins

BUDGET OUTLOOK



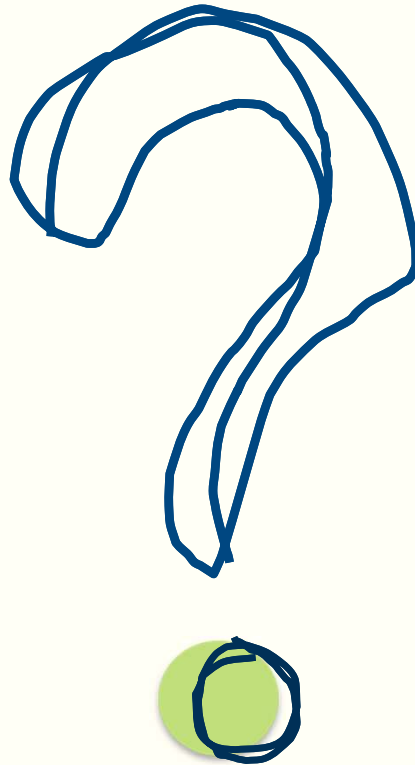
Working capital to really grow after 2029 debt relief

New building lease starting in 2028 not factored in.

SUMMARY



- Confident in our numbers – **conservative approach**
- **Couple unknowns** around equipment/component cost increases due to explosion of data centers & memory/ chip shortages
- Continue to focus on **continuous improvement** of operations & network
- Continue to analyze and **optimize marketing** opportunities
- Counting down to debt pay-off!



AIRPORT FUND BUDGET SUMMARY

AIRPORT FUND BUDGET SUMMARY

- Total proposed budget \$733,170
 - \$7,796 (1.07%) increase over the 2026 adopted budget
- 1.78 FTE – Airport Manager and Maintenance Support

*ATF increased

CHANGES TO THE 2027 PROPOSED BUDGET

GENERAL FUND CHANGES

	ORIGINAL PROPOSED BUDGET	PROPOSED CHANGES	UPDATED PROPOSED BUDGET
Revenues	\$ 127,499,855	(\$ 511,000)	\$ 126,988,855
Expenses	133,715,921	(1,183,625)	132,532,296
Use of Fund Balance	6,216,066	(672,625)	5,543,441

Revenue Changes

- \$511,000 reduction in ongoing property taxes

Expense Changes

- \$15,330 reduction for Human Services Agency funding
- \$495,670 reduction for budget “savings” adjustment
- \$672,625 reduction for one-time transfer to Public Improvement Fund

PUBLIC IMPROVEMENT FUND CHANGES

	ORIGINAL PROPOSED BUDGET	PROPOSED CHANGES	UPDATED PROPOSED BUDGET
Revenues	\$ 11,393,288	(\$ 672,625)	\$ 10,720,663
Expenses	13,034,576	(1,646,233)	11,388,343
Use of Fund Balance	1,641,288	(973,608)	667,680

Revenue Changes

- \$672,625 reduction in transfers from General Fund

Expense Changes

- \$1,646,233 reduction in expense set aside for TRP131 1st and Main Transit Facility

FIRST PUBLIC HEARING

PUBLIC HEARING

2027 Proposed Budget

2027-2031 Capital Improvement Program

2027 Proposed Pay Plan

2027 Proposed Financial Policies

BUDGET MEETINGS



September 1 – Regular Meeting

- Presentation of the 2027 Proposed Budget and the 2027-2031 Capital Improvement Program
- CIP overview and projects

September 8 – Regular Meeting

- Employee compensation and benefits
- LDDA budgets

September 15 – Study Session

- 2027 budget summary
- General Fund budget summary
- Public Safety Fund budget summary
- One-time expenses
- Financial policies

September 22 – Regular Meeting

- Transportation funding
- Utilities budget summaries

September 29 – Study Session

- NextLight budget summary
- Airport budget summary
- First public hearing

October 6 – Regular Meeting

- Final direction from Council
- Second public hearing
- First reading of mill levy ordinances

October 20 – Regular Meeting

- Second reading of mill levy ordinances

November 17 - Regular Meeting

- First reading ordinances for budget adoption and appropriation and UBCIS changes

December 1 - Regular Meeting

- Second reading ordinances for budget adoption and appropriation and UBCIS changes and associated resolutions

Other questions,
comments or additional
information needed?



THANK YOU