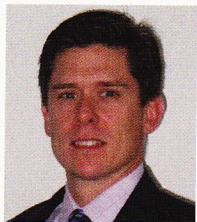


By Hunter Newby



## Muni Efforts Should Stick to Property Management

In an effort to gain monetarily from their investment while adding value to their community, the city of Farmington, N.M. has articulated for all of us the apparent options for their municipal fiber network. These are the options and challenges that all municipalities face when contemplating the business model for a new, or existing, municipal fiber network. Their findings are as commonly applied as the laws of physics itself.

Here are the highlights from the Feb. 9, 2012, article by Kurt Madar, which appeared in the Farmington, New Mexico Daily Times.

- City officials are trying to find the best way to light up Farmington's 80 miles of fiber optic cable
- The city uses the cable to run its electric utility system, but it only needs a fraction of the available strands.
- The extra strands, called dark fiber because fiber optic cable transmits information in the form of light, are a case of unused potential, experts and officials say.
- If harnessed, the available bandwidth could become an economic boon for the community by attracting big businesses.
- It also would provide much higher levels of connectivity for everything from hospitals and colleges to private residences.
- The city hired Elert & Associates, an IT consulting firm, to perform a feasibility study on how to best use the available cable.
- Representatives from the firm and a financial expert from Front Range Consulting presented a list of those options to the city council.
- Options ranged from doing nothing to what is called a triple play, where the city would become a provider of Internet, telephone and television service.
- The consultants, Wendy Chretien of Elert & Associates, and Dick Treich of Front Range Consulting, recommended that the council stay away from the triple threat option and instead lease available cable to already existing service providers.

"Several of the providers expressed an interest in leasing fiber and said they would provide service where the city doesn't now," Chretien said. "The city's system is well above the national average, it has a tremendous amount of capacity."

While the triple threat option would bring in the most revenue, it would also cost \$100 million to extend the cable to all of Farmington Electric Utility System's 32,000 customers, and it would very likely face strong opposition from major service providers like Comcast and CenturyLink.

"They won't sit still for that," Treich said. "First they will challenge the legality of whether you can get into that option, possibly tying you down in court for a long time. They will also start the whole argument of public money being used for starting a private business. It would be a two-pronged attack."

While the council didn't make a decision, according to the article, council members were leaning toward leasing the fiber

and were trying to decide whether they would provide the bandwidth or allow the service companies to do it for them. The article went on to report that it would cost the city \$1.5 million in infrastructure development to extend the fiber to the various interested companies. And it quoted Assistant City Manager Bob Campbell saying: "Five companies have expressed interest. Assuming that those companies would each use approximately 10 miles of fiber, (they) would provide \$170,000 annually leasing dark fiber."

The greatest power that the municipalities possess is the power of the pen to grant access to the city's rights of way to place empty conduit and dark fiber. This enables, rather than competes with, all of the carriers and lit network service providers, which eliminates their opposition to a municipality entering their business and opens the doors to multiple networks entering the market to offer competitive services at competitive prices. Every step of this city's thought process is identical to that of any other, and others would be well served to follow this path.

The ultimate logical conclusion is for the city to stick to doing what it is best at, essentially property management, and not trying to get in to an active business that it does not understand – which adds rather than removes challenges and uncertainty.

When a city faces a dwindling tax base from businesses and people leaving for better lands, it is easy for the city to be lured in to the belief that a broadband network will save the day. It is true that a broadband network, if it is done right, has a direct positive impact on the economy, and today there is no denying it. The means to the end is what should be questioned.

It might be scary for a municipality to imagine the perceived relinquishing control of their future over to a carrier, especially when it is usually the incumbent carriers that have no competition and therefore no sense of urgency or motivation to do anything about building a proper broadband network. This fear drives the city to contemplate building their own broadband network with all of the bells and whistles of fiber to the home, video, voice, Internet access, etc. The city wants control over their destiny, and some believe that it can only be accomplished if they do it all themselves. This is inaccurate.

By providing an open dark fiber system for any and all service providers to access and use on reasonable rates and terms, it acts as a magnet to attract the broadband providers that will come and offer to build lit networks for the enterprise customers (tax-paying employers/businesses) and the triple-play network and packages for the home user customers (tax-paying citizens) because of the cost and red-tape savings of not having to build a large count fiber cable themselves when all they need is a pair of fibers. **IT**

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