

# Municipal Broadband: What You Need to Know



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# Show of hands...

1. In the game already?
2. Contemplating joining the game?
3. Governing board wants to be in the game?
4. Staying away from the game?

# Definitions, Terms, and the Like

- High-speed Internet: 25 Mbps
  - Broadband: see above 😊
- Dark Fiber: Unused fiber optic strands (aka unlit)
- Lit Fiber: Fiber optic strands used to transmit data
- FTTH/P: Fiber to the Home/Premise

# Which Flavor Fits Your Tastebuds?

- Internal Services:
  - SCADA
  - AMR
  - Government Networks (voice, video, data, etc)
  - Intergovernmental Networks
- External Services:
  - Wholesale Conduit
  - Wholesale Dark Fiber
  - Wholesale Lit Fiber
  - FTTH/P (“triple play” provider a la Time Warner)

# Areas of Concern

- Initial investment in infrastructure
- Ongoing investments for maintenance/upgrades
- Competition
- Staffing/expertise
- Bond rating impact

## Municipal Broadband Enterprises - Strong vs. Weak Characteristics

	<b>Strong Characteristics</b>	<b>Weak Characteristics</b>
Debt Structure (pledge, amount, amortization, etc.)	Secured by direct GO; debt service structure that gradually escalates then levels off	Strictly secured by net revenues or subject to appropriation makeup; debt service structure escalates rapidly
Financial Operations (ability to meet projections, lack of interfund borrowing)	Consistently generates sufficient recurring revenues to cover operations and debt service; lack of interfund borrowing	Limited ability to generate revenues to fully cover operations and debt service; presence of interfund borrowing
Political/Community Support (state laws, citizen input)	No active organization against muni broadband; customer base to support operations	Presence of active organization against muni broadband; not enough customers to support operations
Ability of Parent Government to Manage Shortfalls	Management expects and budgets to support enterprise; other utilities generate considerable excess cash	Management not prepared for support of enterprise; other utilities running deficits or little excess cash
Competition & Offerings	Few competitors; lack of major carrier; limited array of services, e.g., Internet only	Numerous competitors including major private carrier; full array of services, including low-margin cable TV
Management Expertise	Presence of on-site system manager with industry experience	Lack of management with industry experience

Source: Moody's Investors Service

# Reality Check

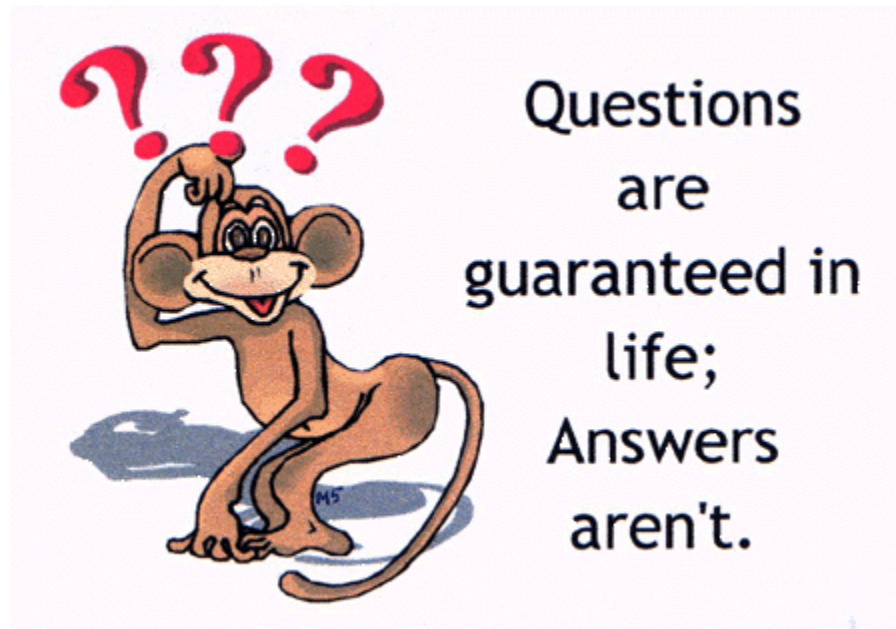


# Questions for Contemplation

- What issue are you trying to solve?
- Can you spur private sector investment in broadband buildout?
- Do you have an inventory of current assets?
- Do you have a demonstrated community demand and support?
- Who are your competitors?
- Do you have conduit everywhere (and a dig once policy)?
- Do you have excess capacity on City-owned fiber?
- Do you have an existing utility function?
- Do you own utility poles?
- Do you have any major impediments to build-out (railroad, etc)?



# Questions or Comments



# Contact Information

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