RS Fiber board members pose for a photo during a groundbreaking ceremony for a project in Sibley County, Minnesota.

GOVERNMENT, BUSINESS GET TOGETHER TO PROVIDE BROADBAND

- **By Craig Settles**
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If you think you know all the possible ways to broker a better broadband deal for your community, think again. Partnerships don't have to be all or nothing. They can be some of each.

Smaller communities that want to get involved in improving their broadband don't necessarily have to go it alone. Partnerships between local governments, nonprofits, and commercial enterprises have proven to be a good route to better service for some communities.

Public-private partnerships are popular because they can offer ways for local governments to help jumpstart better broadband without bearing all the financial, technical, or administrative responsibilities. Conversely, for private internet businesses, a partnership with a public entity can expand their market, give them access to better technology, create attractive financing, or create other advantages.

For communities considering a public-private partnership, there are good examples over the last 10 to 15 years that can teach a lot of valuable lessons. Some successes were not well publicized or replicated in a significant way. But just because a type of partnership did not become the "Flavor of the Month" does not preclude it from being replicated now.

Here are a few worth noting.

Powell, Wyoming
Powell, Wyoming, is a city of 6,300 situated about 50 miles east of Yellowstone National Park in a lightly populated area. Much of the county lies within the boundaries of the national park. The city had a fiber ring that it wanted to expand into a network that could serve everyone in the community with fiber access. But the city needed a revenue stream to pay for the build out, and it needed internet service providers (ISPs) to connect and serve consumers.

Small cities and small markets often don't attract attention from ISPs. So to get a provider to serve Powell, the city agreed to grant a regional company, TCT West, exclusivity. TCT would be the only internet service provider allowed to sell services on the network for six years. People had wanted an open network with more than one provider. "But the financial reality was that Powell is a small pie and you already had two large incumbents [internet providers] in the area," says Zane Logan, the city administrator. "It was not realistic to expect multiple small ISPs would fight over just a slice."

The deal with TCT made the network viable. The city's share of the revenue that TCT generated allowed Powell to make payments on the loan the city took out to build the network. TCT guaranteed that revenue would hit a specific mark, or they would be

responsible for paying the difference to the city. Because of the extensive forecasting and research, both the city and the internet service provider felt comfortable with the deal.

About two years into the exclusivity, interest rates dropped to the point where it was in Powell's advantage to borrow money from an entity within the city. Powell's network is paying off what remains of the $6.5 million debt while enjoying significantly cheaper interest payments. The more comfortable financial footing allowed the city to re-negotiate its contract with TCT. The way is cleared for additional competitors, but Logan believes that the odds are unlikely that any will arrive.

One thing that made Powell's public-private partnership special is that their equipment vendor, Calix, helped market the new network to costumers when it launched. While this type of assistance is not the norm, communities should be looking for value-added service that makes vendors their partners in success.

Ontario County, New York
Also in 2005, Ontario County, New York, was struggling to get broadband to its sparsely populated communities. A group of stakeholders launched a not-for-profit 501(c)(3) corporation called Axcess Ontario. However, they didn't hire employees. They created a board of directors, raised money, and hired firms with the talents needed to run a telecom business that sells dark fiber.

The board contracts with legal, accounting, and construction firms. It also retained ECC Technologies, Inc. to handle network design, oversee construction, and manage marketing, sales, and customer service.

Axcess Ontario formed a partnership between Ontario County, the Ontario County Industrial Development Agency, and local businesses and carriers. The county contributed funds in exchange for guaranteed use of a certain amount of **dark fiber**.

The county also used a pilot project to offset loan costs. County officials and representatives from local businesses have leadership positions on the not-for-profit's board.

Axcess Ontario facilitates wireless and wired deployments throughout the county through selling dark fiber to carriers and businesses.

"Empire Access, for example, brought fiber to the home in Naples, New York, a rural village of 2,500, after no carriers were willing to serve them," says Andy Lukasiewicz, who works with ECC, the company Axcess Ontario hired to manage the fiber network. Cellular carrier towers use Axcess Ontario fiber or get lit fiber (fiber that carries multiple customers) from other carriers, and other providers rely on the group just for backhaul transport.

Businesses and other organizations buy Axcess Ontario's dark fiber. "Finger Lakes Community College uses the dark fiber to link their remote facilities, enable hotspot access to several locations on campus, and a small cell connection with a cellular provider to cover an outdoor performance venue," Lukasiewicz says.

Ammon, Idaho

Ammon, Idaho, works with the principle that their customers are their main partners. Residential and commercial property owners invest $3,000 as a one-time fee for installation, and pay a utility fee of $16.50 per month. Customers pay a separate fee to the internet service provider that delivers the internet to the premises.

The city also recruits ISP partners. They installed Point of Presence (or POP, which allows the connection between local service and a larger network) and other equipment to facilitate ISPs' needs. The city's technology director, Bruce Patterson, says it's expensive to backhaul from small towns and rural counties to existing ISPs' locations. "So we installed the equipment, rent space to long-haul carriers and only charge the ISP $50 a month," he says. "Since the startup costs are so small, several ISP's feel they can take a chance offering services because there is so little risk."

Patterson was a little surprised that four ISP's signed up to deliver services. "We know it's unlikely all will survive. But in the best free-market tradition, these folks are trying new services, different pricing, different audiences and so forth."

Southern Minnesota

The story of RS Fiber begins with an innovative joint-powers board that brought together 10 cities and 19 townships in Renville and Sibley counties – which lie about two hours west of Minneapolis. To bring broadband to their constituents, that board in turn created RS Fiber, a co-op that represents communities' communications interests and signs up members. The board and co-op retained Hiawatha Broadband Communications to be the internet service provider that oversees network operations and marketing.

Hiawatha split the project into two phases and focused on the towns first. Starting in mid-2015, they used multiple crews to build out the fiber ring. While that work was under way, they built out a wireless network that connected via the fiber ring. Finally, Hiawatha built fiber to the premises.

Wireless was the key. It allowed RS Fiber to collect $50,000-$100,000 monthly in fees soon after buildout started while the fiber network was still being built. "It helped that we could use our own fiber ring, our own head-end for video and several towns let us use vertical assets such as water towers," says Dan Pecarina, CEO of Hiawatha Broadband. "We installed point-to-point **fixed wireless** with 1-gig capacity to ensure every customer gets 25 Mbps **symmetrical**."

As the surging wave of gigabit initiatives builds, expect to see a corresponding increase in creative public-private partnership models. Smart negotiating and thinking outside of the box are how everyone wins.

*Craig Settles is a broadband industry analyst, consultant to local governments, and author of "**Building the Gigabit City**." He also hosts the **Gigbit Nation** talk show and **writes** about key broadband issues.*

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