

Municipal Broadband – Good or Bad?



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Introduction

- Municipal initiated Wi-Fi Broadband projects are highly debated in US
- Will they work in Poland?
Affordability?
- We looked at US and UK muni-projects.
- Polish political and legal pressures are intense.
- Can US and UK lessons be useful for Poland?



Outline

- What is muni-broadband (or wireless)?
- Motivations and restrictions?
- Approaches
 - municipality dictates
 - municipality partners private enterprise
 - municipality cooperates and is customer
- Conclusions

What is muni-broadband/ muni-wireless?

- 'Muni-wireless' - US term for a

city-wide BB wireless initiative where municipality takes driving position

- US pressure groups

“Why is muni wireless cool? Because you can get access anywhere and have someone else pay for it?”, wi-fiplanet... a freedom issue

telco operators see it as anti-competitive.

- ***“Even if left to free-market pressures, competition with the entity that taxes and regulates you would be difficult at best.”*** Bell South
- Our definition

“a broadband network infrastructure serving a city, or part of a city, town or region in which a public body is a stakeholder whoever adopts the driving seat.”

Why use public funds for broadband networks?

- To bring broadband to an area not currently served, or not served at a reasonable price
- To make broadband available to all within a proposed service area

where

there is a social need

the market has failed to meet that need, and

commercial investment funding cannot be secured

The EU State Aid Rules

- EU Aims - to protect the free market by ensuring that state resources do not distort competition or give an unfair advantage
- Intervention funding allowed only if not State Aid
 - State Aid is present if these four tests are met:
 - *Aid is granted by a Member State or through a State resource*
 - *The aid favours certain undertakings or production of certain goods*
 - *It is aid which distorts or threatens to distort competition*
 - *The aid affects trade between Member States*

Europe sources of funding are:

the Structural Funds,

the European Investment Bank, and

JASPERS (Joint Assistance to Support Projects in European Regions)

Approach 1 -municipality dictates

- The mayor's committee plans the facility, collects the necessary public approvals, produces a business plan. After sign-off, contractors are selected and work starts.
- Philadelphia
 - Philadelphia announced project July 2004- city network coverage now for October 2007 – concept to completion >4 years! Speed limited to 1Mbps up and down.
 - Verizon (Phily incumbent) and Comcast (Phily CATV) have already matched price for service and speed and offer much greater speed products too.
- Working cooperatively with the operators of the region may have achieved the goal faster with less risk, angst, and legal battling- maybe not?

Approach 1 -the municipality dictate

Example case 1: UK Scottish Borders

- No BB service available so publicly funded Wi-Fi broadband considered 2002. Public funds were secured and deployment started 2004. ADSL via cheaper mini DSLAMs became available from the incumbent. It was more reliable and cheaper than the Wi-Fi. In October 2005 the decision was taken to cease the wireless service and move users across to BT's ADSL.
- Promotions were used to encourage people to take up broadband, irrespective of whether via the BT service or by the SBRB wireless service.
- The goal of broadband rural access was achieved fully but in a roundabout way.

Approach 2 -municipality partners private enterprise

ACTNOW Cornwall UK

- 1999 No BB service available.
 - 2000 Public-private partnership formed.
 - 2001 structural funding secured to halve subscriptions for 1 year for new subscribers.
 - 2002 Deployment started.
 - today >99% (rural and urban) access by ADSL broadband
-
- ACTNOW promoted broadband to public and business.
 - BT owned and operated the network
 - The goal of broadband urban & rural access was achieved fully and several significant economic benefits are evident.
 - This promises to be a good model for the Poland because the “structural” funding is available to address the affordability and business viability issues?

(Nigel Ashcroft has told us that ACTNOW is willing to provide consultancy to regions in Czech Republic starting along this path and will be available to open discussions here.)

Approach 3: municipality cooperates and is a customer

- London

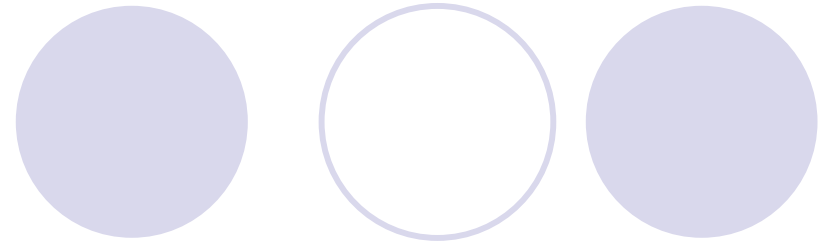
- The Cloud installs Wi-Fi hotspots and build them out into an area network, wholesaling broadband services to several ISPs and supplying the city institutions , Municipality, businesses and the public.

Street furniture leased from the city used for routers.

Private funding only used. Creative approach applied to developing viable business plans.

Network rapidly planned and implemented. Minimal political or legal hurdles.

Which approach?



- Easiest is when the market provides BB service to region
- Public funding can be used to accelerate the take up and improve the business proposition if barely viable by means of a public-private partnership.
- In low density, low average income communities it may be much more difficult to make the business case. Market failure. Need to use intervention funds. And the mayor has to do something make things happen.

The debate on muni continues

- US Muni Forum has web seminars scheduled
 - Nov 10 Technology Choices for Municipal Networks**
 - Nov 20 FTTx Technology Update**
 - Dec 6 The Business Case for Municipal Networks**
 - Jan Planning & Implementing a Municipal Network**
 - Jan WiMax, Wireless Mesh & Muni Networks**

Conclusions

- private company solution is fastest, future proof, and least risk
London The Cloud, Paris Free.France
- Public private partnership if business case barely viable
ACTNOW (structural funds), Amsterdam Telecom Italia (EIB funds)
- Municipality steps in and dictates if the other possibilities are exhausted Poland Commune of Stoszowice,

munibroadband is wonderful

and wanted soon, stress free, without political and legal delays