

Show Me the Money

How should cities ask for loans, grants or investments to improve broadband?

Short answer: Show funders how broadband will help them achieve their objectives.

By Craig Settles / *Gigabit Nation*

Many a plan for building a community broadband network has snagged on the shoals of financial uncertainty. However, there's actually much more money available for broadband than many communities realize.

Typically, local businesspeople, educators or visionary political leaders start agitating at city council meetings, saying that the town should have its own broadband, just like Chattanooga. Citizens get excited as they recognize the possibilities. Then someone asks, "How can we afford it?"

People discuss passing a bond measure, but these aren't popular everywhere. Traditional loans are another possibility, but these may not be popular, either. Finding a Google Fiber to be a broadband sugar daddy has a lot of cachet – except for such nagging issues as communities' lack of say in key decisions (such as where the profits go). A public-private partnership is only as good to the community as the lawyers who craft the deal. Federal grants offer hope, but there isn't enough broadband money to go around.

After exhausting this list, broadband planners hit the brick wall.

Communities need to step back and consider the problem from different angles. Rather than limiting themselves to the usual funding suspects and then despairing when these sources don't work out, they should cast their nets wider, looking beyond the institutions and partners that aim to fund broadband networks. They need to find people who pay for results, not for technology. These funders may not know the difference between a gigabit and a giraffe.

The U.S. Department of Transportation is not in the business of funding broadband networks. It is, however, in the business of helping cities build, manage, use and maintain better streets and freeways. Bring them plans to better use streets and freeways, and DOT will listen.

The city of Columbus, Ohio, got a grant from DOT for almost \$8 million to replace its aging, proprietary traffic signal systems with a more flexible system built on the backbone of fiber optic cable and wireless communications technologies. The city contributed \$750,000. That means its IT department has fiber running to every traffic light in the city – fiber it couldn't otherwise have afforded. Besides having the Cadillac of traffic management systems, the city can now invite competitive providers to offer broadband to homes and businesses.

Communities build broadband networks to solve specific problems. They should identify government agencies, nonprofits, foundations, local businesses with spare capital, wealthy individuals and others that have available funds to help solve similar problems. Bits, bytes, conduits and fiber wires are just concepts. A lot of funding organizations don't care what the technology does; all they care about is whether it answers the need – and whose name is on the check they're about to write.

WHAT PEOPLE DO WITH THE NETWORK IS KEY

Raising all the funding from a single entity creates less heartburn, but it's unlikely to occur. A community must be adept at developing

Assessing the need for broadband in a community will lay the groundwork for a fundraising plan.

a logical fundraising game plan. Columbus has been executing its broadband plan in stages since 2008.

Suppose a city has a large Hispanic population that is not currently using the Internet in large numbers. One approach might be for it to formulate a five-year research trial to definitively demonstrate that high-tech adoption affects employment in Hispanic populations. It could include in the proposal a budget for building a network that covers the Hispanic population and a control group and then present this research proposal to foundations that focus on advancing employment for Hispanic youth.

Getting the grant funded will enable the city to pay for a portion of its network and may make additional grant funds easier to obtain. Financial institutions, too, are more inclined to make loans when recipients have several sources, such as the foundations, to bring to the table.

The needs assessment process helps cities identify groups of constituents that want or need a product or service and determine how many of them there are and where they are located. To build a network or another mechanism for delivering services, a community must raise its own funds, find lenders, find investors or use some combination thereof. The fundraising game plan is about finding the lenders and investors. First, the needs assessment.

EXECUTING A GOOD NEEDS ASSESSMENT

If you are reading this article, chances are that informal groups and individuals in your community are already expressing the need for a broadband network. A needs assessment moves this process from informal discussions to a collection of statements and questions from various

parts of the community that express specific needs and expected benefits for a high-speed network.

To set the stage for a broad-based information-gathering phase, a self-described local broadband champion or a city-appointed leader of the effort should conduct telephone and in-person interviews with leaders from key stakeholder groups. This should include people who have a vested interest in the success of a broadband network, such as

- Managers of the city and county economic development agencies
- A senior member of the chamber of commerce
- Leaders (CEO, COO) of two or three of the largest companies
- Commercial real estate agents
- Local government officials and administrators
- A representative from a medical facility or health care agency
- An administrator from the school district.

The interviewer should schedule enough time to ask questions that will develop the initial sketch of the state of broadband in the community. This can be filled in later with a more detailed portrait of the town and how it will be transformed by meeting its needs.

This is the time to begin building a database of potential lenders and investors. As the interviewer starts to gather information on community needs, the extent of the network and the type of technology required begin to become clear, as does the amount of funding needed. The community leaders interviewed should be able to suggest entities that could be targeted for fundraising efforts.

Next comes the effort to fill in the sketch by gathering as much useful data from as many constituents as possible. The primary questions are

- 1 What kind of broadband service is currently available to them?
- 2 Are these services meeting their needs?
- 3 What would they do with better broadband?
- 4 What are their expected broadband needs in the next three to five years?

Every meeting should end with a question about which entity or individual could potentially make funds available to help build the network. A great idea could spring from anyone.

This research is vital to building the case for any funding entities the community plans to approach. Potential funders want to know whom the network will benefit, how broadband will benefit them, what will happen to constituents if the network isn't built, how much the network will cost and how much other people and entities are investing. It's good to have as much quantitative and qualitative data and as many impact statements as possible.

THE FUNDRAISING GAME PLAN

Once the needs assessment is complete, a much clearer picture of how to improve the community, as well as a clearer understanding of the cost, should emerge. In addition to data on constituents' needs, an assessment report should contain details on infrastructure, technology and policy recommendations.

Though funders may be nontechnical, they rely on techie friends for advice. They want assurances that the proposed technologies are sufficient to address the community's current and future needs. Lenders, in particular, want to feel comfortable that the estimated infrastructure buildout costs are accurate and that the business model is built on reality. All potential funders want to have confidence that the project team, partners and vendors are competent.

Now it's time to let the creative juices flow. I tell audiences that the logical business case for "broadband

that works” focuses on four categories of use: improving local government operations, boosting economic development, transforming education and improving health care delivery.

The first category obviously resonates within government circles, though the public may not be aware of this benefit. Broadband as an economic development tool is increasingly easy to sell because so many journalists and the federal government are reinforcing the image. Broadband-assisted education and health care are viewed in some circles as just another side of the economic development game. However, the impact of both is substantial and beneficial enough that each deserves its own place within the funding game plan.

For each of these categories, broadband can achieve important objectives. Who has an interest in seeing each objective come to fruition? A nonprofit that has no particular interest in broadband may have a definite interest in transforming education in underserved communities. A foundation may have significant funding for programs that reverse offshoring, so it may consider funding community networks that achieve this goal.

Certain funding entities might consider only a one-off broadband project. Three counties in upstate New York wanted a backbone of fiber optic cable that businesses could use to tap in to the global economy. Corning Incorporated, a manufacturer of high-tech glass (including optical fiber), came through for the community, picking up \$10 million of the project’s \$12 million tab. “We saw this as an investment not only in the community’s future but in the company’s future,” said Dan Collins, a spokesperson for the company. Collins says backing a project that helps Corning (the company) and Corning (the town) was a no-brainer, especially as the company employs about a fifth of the surrounding community.

Bob Whitman, VP of market development for Corning, added, “This was a good decision that made a lot of sense for that particular community.

A business case for “broadband that works” focuses on using broadband for local government operations, economic development, education and health care.

Other cities need to determine if there are companies willing to enter into similar arrangements. We’ve seen several communities initially plan on building their own networks but change direction when a business shows interest in helping with the funding.”

Broadband project teams, stakeholders, community leaders and others must collectively open their minds and aggressively push out-of-the-box thinking. There is no such thing as a bad idea when exploring who might be interested in funding broadband

project. Be clear with potential funders about the link between broadband and the missions they hold dear. Never be afraid to ask for funding support. You might be pleasantly surprised. ❖

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