

# Tapping Hidden Sources of Broadband Funding

Broadband is more than just Internet access. Focusing on other broadband services first may attract the funding to improve Internet access as well.

By Misty Stine and Joel Mulder / *EX2 Technology LLC*

**L**ook around your community. What do you see? A meandering river flowing through it? A reservoir tucked in the valley? Commuter planes landing in the distance? Power poles marching along the roadway? Wind turbines piercing the sky? What seem to be common everyday images dotting the landscape, may, in fact, be the keys to helping unlock a community's potential for broadband project funding. They reveal assets that will allow the community to market and build a network.

Communities that discover, embrace and cultivate these hidden gems will open up new funding possibilities and differentiate themselves by leveraging all their potential assets to attract the right public-private partnerships. To attract additional funding, public agencies or communities must learn how to effectively evaluate, leverage and market their unique assets to draw a broader funding audience. Essentially, each community must find its own set of keys to unlock its true project financing potential.

So how does a meandering river or a line of power poles along a roadway help get a broadband network built? To appreciate the importance of these assets, communities must first understand that a broadband network is more than just a fast Internet connection.

## PORT SECURITY

The city of Nashville, Tenn., discovered that the presence of the Cumberland River qualified it to apply for and receive a \$2 million port security grant from the Department of Homeland Security. The city used these funds to improve and expand its network infrastructure to support video surveillance across bridges and along the riverfront.

An unexpected benefit of the grant was that it allowed Nashville to construct a network backbone that dramatically improved its bandwidth for multiple agency facilities and for citywide surveillance and first responder communications. Obtaining this grant jump-started its communications infrastructure improvement programs.

## A UNIQUE FUNDING SOURCE

In rural southern Virginia, the Mid-Atlantic Broadband Cooperative (MBC) got its start by utilizing funds from the Virginia Tobacco Commission and the U.S. Department of Commerce. This initiative was proclaimed a national model for rural economic development and touted as a unique use of funds from

A grant to improve port security allowed Nashville to jump-start improvements to its communications infrastructure.

the national tobacco settlement. To expand its network, MBC partnered with regional private-sector telecom providers to trade conduit routes. It also sold excess capacity dark fiber assets to third-party carriers, which generated additional revenue to support the operations and maintenance of the broadband infrastructure.

The \$70-plus million, 800-mile, open-access fiber optic network now connects industrial parks, community anchor institutions, K-12 schools, community colleges and hospitals. MBC was able to bridge the digital divide and revitalize rural communities by leveraging its assets to create unique partnerships with local and regional fiber optic operators and public agencies.

### LEVERAGING THE SMART GRID

The Electric Power Board (EPB) of Chattanooga received a \$115 million grant from the Department of Energy to support smart-grid applications. EPB was one of the first municipally owned utilities that constructed a 100 percent fiber optic network to provide automated meter reading, reduce power generation costs and offer triple-play services (high-speed internet, video services and telephone) to customers.

EPB searched for ways to benefit its community by building a dual-purpose network that would improve quality of life and cultivate economic development. The network now serves about 75,000 customers and has helped attract new business to the area, including Volkswagen's North American manufacturing headquarters and a new Amazon distribution center.

In southwest Virginia and northeast Tennessee, Powell Valley Electric Cooperative (PVEC) has served its customers with reliable, economical power since 1938. Its territory is rural, rugged and remote, which often hinders field crews' ability to serve their 30,000 consumers. PVEC saw the need to connect its electrical components with a 24/7 network to manage the power load on its system. It partnered with Sunset Digital of Duffield, Va., and received a \$24 million Broadband Initiative Program stimulus award in

## Electric companies are leveraging their smart grids to provide triple-play services to residents, either directly or with the help of service provider partners.

2010. The fiber network enables PVEC to increase safety, save money and reduce electrical outages. Sunset Digital provides triple play (voice, video, Internet) services within the PVEC service area. Thanks to a win-win partnership, PVEC customers receive the same reliable electric service they have come to depend on and the most modern connectivity options available.

### MULTIPURPOSE NETWORKS OPEN DOORS

A number of communities are working with their rural electrical co-ops, local airport authorities, intermodal facilities or even federal agencies to fund and build broadband networks to enhance the overall viability of their areas. Cities, rural communities and other public agencies that look at their planned broadband infrastructures as multipurpose networks attract broader audiences and open more doors for government grants or loans, third-party dark fiber buyers, service providers and private equity and vendor financing.

Building a new broadband network or improving upon an existing communications network infrastructure will provide the high-capacity bandwidth required to support a myriad of other applications that attract funding. Cybersecurity, city surveillance, critical asset protection and public safety interoperability are just a few applications that can coexist on a broadband network. The ability to offer these services not only makes government agencies more efficient and connected but also creates safer, more connected communities – which attracts additional public and private partnerships.

These partnerships can be used to transfer some of the risks of network

building, operations and maintenance to the private sector and introduce ways to reduce the barriers involved with beginning and completing a new network project. For example, a private-sector partner that supports a project by bringing interested third parties to the table can help make a broadband network a revenue-producing asset, often without competing with current service providers. One just has to look at several models from the 1990s (then called "resource sharing projects"), such as the New York State Thruway Authority, the New Jersey Turnpike Authority and the Illinois State Toll Highway Authority, to find examples of creative ways to build a business case. These agencies' fiber optic networks support internal voice, video and data services, including intelligent transportation, tolling and public safety. In addition, each has many other public and private customers that use their backbone networks.

In an era of limited public-sector funding, finding atypical ways to unlock a community's potential can make the difference between a viable, connected community and one that gets passed by. Look around. The keys to open up new partnering and financing opportunities may be more obvious than you think. ❖

---

*Misty Stine is executive vice president of business development for EX2 Technology, which finances, designs, installs and maintains networks for public agencies, consortiums and public-private partnerships. Joel Mulder is vice president of sales for EX2. Both have decades of experience in communications and security. Contact Misty at [mstine@ex2technology.com](mailto:mstine@ex2technology.com).*