



Sept 4, 2013

Mike Dever  
Mayor  
The City of Lawrence  
6 E 6<sup>th</sup> St.  
Lawrence, KS 66044

CC: Vice Mayor Amyx, Commissioner Schumm, Commissioner Riordan, Commissioner Farmer, Mr. David Corliss, Mrs. Diane Stoddard

Dear Mr. Mayor,

I wanted to take a minute to respond to CTC's memo on Wicked Broadband's pending economic development request.

I'd like to point out that CTC was contracted to write a memorandum that "raises issues and concerns". CTC's scope did not include evaluating or commenting on any of the benefits of the project. It shouldn't come as a surprise that the memo doesn't contain much in the way of positive language.

The memo doesn't address the benefits of building excess capacity to encourage competition. It is also largely silent on the potential benefits of having a ubiquitous managed wireless network that provides access to USD497, KU or City of Lawrence resources. The potential use of the network for emergency services is also left un-addressed.

The final issue that remains un-addressed is the cost of alternative economic development investments. The proposed system will directly benefit thousands of Lawrence residents, cause competitors to improve services, provide access to public networks, encourage entrepreneurship and provide businesses with access to a cutting edge service. Where else can the community spend these economic development dollars where we can get such a substantial return on our investment?

### **Business Access**

I wanted to highlight that, unlike Google, we are providing business access on our network on day one. For example, we are installing fiber to Z's Devine Espresso this next week. I am concerned that perhaps this wasn't clear in our original request since CTC stated that "stakeholders also demonstrated other broadband interests that do not align with Wicked Broadband's proposal, including those that would enable expanded broadband connectivity to local businesses".

We are absolutely committed to installing fiber to businesses in the selected neighborhood and beyond. As the project enters phase 2 and phase 3 we will bring fiber access to each and every business that wants it. We are also committed to making capacity available at a substantial discount to what the local cable and telephone companies are offering. Our pricing (which we publish) is much better than what most businesses are getting through the local cable or telephone provider.



### **Self Selection**

Another issue we'd like to address is the self-selection of the neighborhood for the pilot project. The key to having a successful project is to generate enough revenue to be self sustaining. Though I laud CTC's Champaign-Urbana example, I'd like to point out that this project was done with substantial grants from the federal government and that the Campaign-Urbana itself spent well in excess of what Wicked Broadband has requested.

To build a system that is sustainable over the long haul it is necessary to have enough paid subscribers to pay for bandwidth and maintenance. This is especially true of the pilot project which will be closely scrutinized by future investors and lenders. Future neighborhoods can be selected based on cost, income inequality or lack of access, but the pilot project needs to go into a neighborhood that is excited about it and will provide enough revenue to make the project

### **Forgoing Potential Revenues**

One of the things CTC mentioned in relation to obtaining access to existing fiber is that "the City forgoes some potential revenues". *Potential* revenues. My grandpa used to tell me that "one in the hand is worth two in the bush". The city has an opportunity right now to have a local company build a FTTP network.

There may or may not be a company somewhere that will some day be willing to invest in Lawrence. Wicked Broadband, however, is willing to make that investment right now. Today. We are local, we provide already provide services to thousands of residents and we are here now.

### **Fiber Availability and Exhaustion**

I'd also like to discuss the availability of existing and new City of Lawrence fiber. The City installed 288 fibers along North 2<sup>nd</sup> Street, 6<sup>th</sup> Street, Iowa and 23<sup>rd</sup>. Wicked Broadband leased 12 of these fibers and the City is using another two dozen, but there are hundreds of fibers available. It is my understanding that the City installed 60 fibers from City Hall to the Law Enforcement Center. Once again, the City is only using a dozen or so fibers, leaving substantial capacity unused.

Though I understand that existing fiber is a limited resource, the City should be working toward a future where all of this fiber is in use providing connectivity and services to the citizens of Lawrence. Having so much fiber in production that capacity becomes an issue should be the *goal*. That would be a great problem to have. It would mean that the capacity is in use by entrepreneurs building businesses, students researching for school and citizens accessing entertainment.

If demand reaches that level we'll all have to have a sit down and figure out how to expand capacity using technologies like Dense Wave Division Multiplexing (DWDM) that can provide speeds of up to 400 Gigabits per second on a single fiber. The revenues generated by putting existing capacity into production will be a great starting point to providing resources for expansion.



### **Fiber Splicing**

The City currently has no process that we are aware of for certifying companies to work on its fiber assets. All Wicked Broadband has requested is a process under which to be certified so that we are not gouged by the City's vendor when we need to access the fiber we've already paid for.

Once the City has developed a reasonable standard, Wicked Broadband's staff will become certified under whatever rules are set forth. As with the current system, any access to the site would have to be coordinated with the City and supervised by a qualified City staffer. At the operational level this hasn't been a problem in the past, the company works with the Water Department to access water tower sites with little or no friction.

### **Prioritization of Broadband Spending**

One of the recommendations that CTC makes is that the City prioritize its broadband spending. I think perhaps that this statement should be reconsidered as "the City should prioritize its economic development spending". The question that needs to be asked is where else can we as a community make an investment where we can get as much bang for the buck?

Wicked Broadband is already offering to match spending on the pilot project dollar for dollar. This initial investment also sets the stage for follow on investments in the form of private equity and traditional debt that will eventually result in a city wide network. That means a \$30 Million influx of cash and infrastructure over the next five years. This has the potential to be a great return on a modest investment of resources.

Sincerely,

Kris Adair

Owner / President

Community Wireless Communications Co.

2321 Ponderosa Drive

Lawrence, KS 66046

Cell: (785) 840-7989

Ph: (785) 371-4214

Fx: (785) 331-2086

kris.adair@civicwifi.com